Alberta Ministry of Health and Wellness

Annual Report 2005/2006

SECTION I

www.healthyalberta.com

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ISSN 1492-8884
ISSN 1492-8892; PDF version

2007-00140

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SECTION II

Section II of this report is published under a separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please contact the health authority directly.

Preface

Public Accounts
2005/2006

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta, released June 26, 2006, contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Alberta Health and Wellness contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan.

This ministry annual report also includes:

- **the financial statements of entities making up the ministry, including the provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and the *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent the ministry has anything to report.**

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, which are accountable to the Minister of Alberta Health and Wellness.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2006, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 11, 2006 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Iris Evans

Iris Evans
Minister of Health and Wellness
September 11, 2006

Message from the Minister

To ensure we have a strong, publicly-funded health system in the years ahead, system renewal remains a major priority for Alberta Health and Wellness.

During the past year, a number of activities were undertaken to advance health system reform and innovation. Hundreds of delegates gathered for a health symposium to discuss innovations that drive exceptional health systems and healthier populations around the world. The symposium showed us that although there is no single solution to health care issues, health teams must work together with an attitude of openness in order for new possibilities and the best health care options to emerge.

The Supreme Court of Canada's ruling in June 2005, that Canadians have the right to timely access to health services, further stimulated health renewal discussions across the country. We support change that will allow Canadians more choice in getting timely access to the health services they want.

As part of our health renewal efforts, a package of 13 priority action areas entitled Getting on with Better Health Care was announced in the summer of 2005. Priorities included access, continuing care, wellness, mental health, primary health care, children's health, pharmaceuticals, electronic health records, health care providers, and rural health. Many initiatives in these areas have already begun. Putting them into action remains a top priority.

Another step along the path to health renewal took place when a new *Health Policy Framework* was released. The framework opened the discussion about health care sustainability and was a catalyst for Albertans to provide their ideas about how the system needs to change. A public opinion survey conducted in the two months prior to the framework's release found that nearly two-thirds of Albertans believe the health care system requires major changes if it is going to be sustainable for future generations.

The ministry continued its efforts in the past year to improve health care access and reduce wait times for Albertans. A one-year pilot project was announced to provide better access to hip and knee replacements and to improve the overall way orthopaedic care is delivered. The project gained national accolades when preliminary results showed that during the first eight months of the Alberta Hip and Knee Replacement Project, the new care pathway met its goal for patients to receive surgery within four months of initial consultation. The pilot's goal, to perform 1,200 additional hip and knee surgeries, was met.

We believe so strongly in the need for innovative care models that following such promising results, we invested $12 million to sustain the hip and knee replacement project. A further investment of $42 million will support the development of similar approaches in areas such as cardiac care as well as breast and prostate cancer care.

To address continuing care issues in Alberta, an MLA task force was established to look at ways to improve health services and accommodation standards. The task force travelled across the province to meet with Albertans and continuing care stakeholders. Everything the task force heard was reflected in their final report, which was presented to the government. The recommendations cover a broad range of concerns in health services, accommodation and quality of life issues and are a big step toward improving long-term care for Albertans.

Alberta Health and Wellness committed $26.3 million that enables health regions to increase paid hours of care per resident from 3.1 to 3.4 per day, to implement a safe lift policy in all nursing homes and auxiliary hospitals, to speed up implementation of new resident assessment and care planning tools, and to review medication use and administration in continuing care facilities. The task force's recommendation that new and updated health service and accommodation standards be put in place for all continuing care facilities will be implemented in 2006. New monitoring, reporting, enforcement and concerns resolution processes will also become effective concurrently with the new standards.

I was excited about the significant progress made by the ministry to improve mental health service delivery in Alberta. Over 30 new projects, ranging from outreach programs to day treatment and crisis intervention services, were approved under the Mental Health Innovation Fund. The new projects will share $75 million over three years as part of new mental health plans developed by all nine regional health authorities. I strongly believe that in order to improve our health care system, we need meaningful progress in the area of mental health.

A number of health technology advances occurred in 2005/2006. The ministry has funded new diagnostic imaging systems that allow hospitals and clinics to electronically share patient X-rays and computed tomography (CT), and magnetic resonance imaging (MRI) scans through Alberta Netcare (Alberta's electronic health record). An additional investment was made in the electronic health record system to support province-wide technology enhancements and connect more health professionals to the system. Additional funding was also announced over two years for 21 telehealth initiatives across Alberta. Telehealth programs allow Albertans, regardless of location, access to needed medical professionals and specialists through the latest video conferencing systems.

Passage of the *Cancer Prevention Legacy Act* established funding to put Alberta at the forefront of cancer prevention, screening and research. The new legislation is designed to make Alberta a leader in the fight against cancer and build a cancer-free future for Albertans. Funding will go toward new and expanded cancer screening programs to detect signs of cancer as early as possible, toward the creation of a virtual cancer research institute to coordinate all cancer research in the province, and toward the promotion of coordinated research and screening programs

Other significant legislative changes in the past year include amending provincial regulations so that one of the main ingredients used in the production of crystal methamphetamine was put behind the pharmacists' counter, and the new *Smoke-Free Places Act* that took effect January 1, 2006 to protect minors from smoke in public places.

We have accomplished so much to improve our health system in the past fiscal year. Ensuring a strong system for future generations of Albertans will remain a priority for the Health and Wellness Ministry. We will also continue promoting children's health issues, advancing primary health care and developing workforce strategies to ensure the health needs of Albertans are met today and in the years ahead.

Iris Evans

Iris Evans
Minister of Health and Wellness

Management's Responsibility for Reporting

The Ministry of Alberta Health and Wellness includes the Department of Health and Wellness and the Alberta Alcohol and Drug Abuse Commission.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Alberta Health and Wellness. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under ministry administration,
- provide Executive Council, Treasury Board, the Minister of Alberta Finance and the Minister of Alberta Health and Wellness any information needed to fulfill their responsibilities, and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

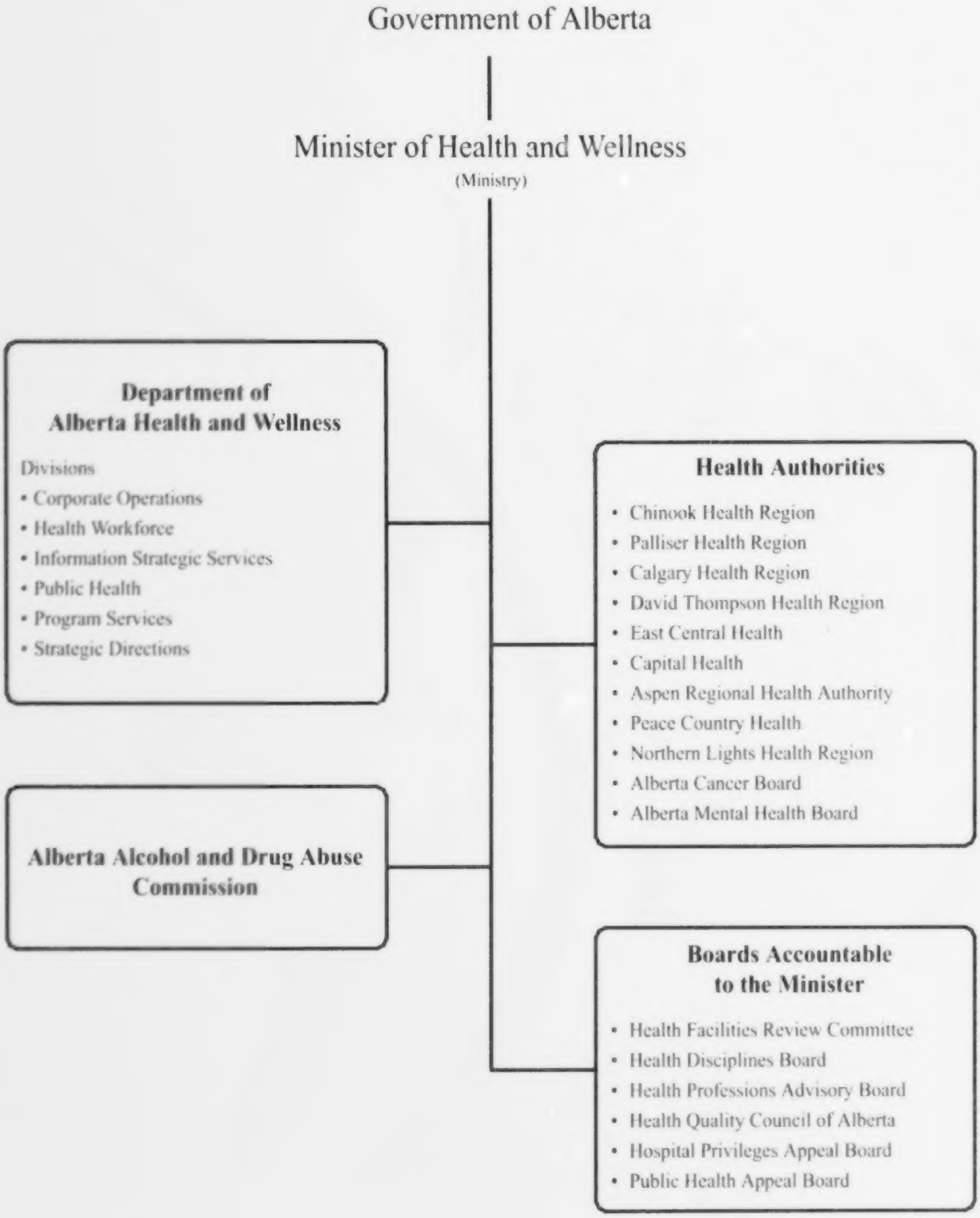
In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Paddy Meade
Deputy Minister
Ministry of Health and Wellness
September 11, 2006

Overview

Ministry of Health and Wellness Organization

(For the year ended March 31. 2006)



Government of Alberta

Minister of Health and Wellness
(Ministry)

Department of Alberta Health and Wellness

Divisions
- Corporate Operations
- Health Workforce
- Information Strategic Services
- Public Health
- Program Services
- Strategic Directions

Alberta Alcohol and Drug Abuse Commission

Health Authorities
- Chinook Health Region
- Palliser Health Region
- Calgary Health Region
- David Thompson Health Region
- East Central Health
- Capital Health
- Aspen Regional Health Authority
- Peace Country Health
- Northern Lights Health Region
- Alberta Cancer Board
- Alberta Mental Health Board

Boards Accountable to the Minister
- Health Facilities Review Committee
- Health Disciplines Board
- Health Professions Advisory Board
- Health Quality Council of Alberta
- Hospital Privileges Appeal Board
- Public Health Appeal Board

Vision, Mission and Core Businesses

VISION

The Government of Alberta's vision for Alberta is:

> *A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.*

That vision is supported by Alberta Health and Wellness' vision:

> *Albertans are healthy and live work and play in a healthy environment.*

The achievement of this vision is everybody's responsibility. The Ministry of Alberta Health and Wellness plays a leadership role in achieving this vision through our mission, core businesses and goals.

MISSION AND CORE BUSINESSES

The two part mission of the ministry as set out in the 2005 to 2008 business plan is:

> *Provide leadership and work collaboratively with partners to help Albertans be healthy and respond to opportunities and change.*
>
> *Support individuals, families and service providers in making the best decisions about their health.*

The ministry fulfills this mission through three core businesses, each of which is supported by corresponding business plan goals.

Core Business 1: Advocate and educate for healthy living.

Goal 1 – Albertans make choices for healthier lifestyles.

Goal 2 – Albertans' health is protected.

Core Business 2: Provide quality health and wellness services.

Goal 3 – Improved access to health services.

Goal 4 – Contemporary health workforce.

Goal 5 – Improved health service outcomes.

Core Business 3: Lead and participate in continuous improvement in the health system.

Goal 6 – Health system efficiency, effectiveness and innovation.

Highlights for 2005/2006

In 2005/2006 the ministry began work on a new approach to health renewal. Work began with the fundamental commitment that a person's ability to pay will never determine their ability to access health care in Alberta. This approach to health care renewal is about being open to new options and choices – choices that strengthen our health care system. Alberta's new *Health Policy Framework* is about getting on with the things we know can be done. Simply put, it's about improving choice and access, and about curbing health care costs to meet our ultimate goal of providing Albertans with a sustainable and high performing health system for the future.

In May 2005, the provincial government hosted the Alberta Symposium on Health. The symposium provided a unique opportunity for representatives of Alberta's health regions, communities, health organizations and professional groups to exchange information and experience and to consult with international experts. Some of the important lessons learned at the symposium were: (1) there is no single solution to the challenges in the health system; rather, improvements must evolve over time, (2) improvements must focus on the patient and emphasize evidence-based outcomes, and (3) solutions must meet the expectations and values of the society in which they take place.

Based on what was learned, the premier and the minister announced, in July 2005, a series of action items in the Getting on with Better Health Care package. The action items identify ways for improving the health system in areas such as: disease and injury prevention, children's health, mental health, and the health needs of rural communities. They also included important strategies such as primary health care, in which the needs of patients are looked after by teams of professionals with different kinds of training and expertise; new quality standards for long term care; the use of new technology such as Alberta Netcare (Alberta's electronic health record) to improve communications and reduce error; and increasing the number of health system providers. These action items are a driving force for continued improvement in the health system.

The following are highlights of the ministry's achievements in relation to each core business in its 2005 to 2008 business plan.

Advocate and educate for healthy living.

Twelve Alberta employers will be recognized in April 2006, for their commitment to improving the health of their employees over the last year as the winners of the first annual Premier's Award for Healthy Workplaces. As part of the Alberta government's Healthy U @ work initiative, the award celebrates employers who encourage their staff to make healthy eating choices and incorporate active living into their workday. Awards of distinction will be presented to the University of Calgary, Alberta Blue Cross, Alberta Newsprint Company, and the Arthritis Society.

Type 2 diabetes awareness and promotion programs continued in three Alberta communities (Edmonton/city centre, Bonnyville/St. Paul and Medicine Hat) through the Keep Your Body in Check Program. This program included a general media campaign across Alberta, and used social marketing and community education to engage individuals in reducing their risk of developing type 2 diabetes. The three-year program was completed on March 31, 2006. Over 8,500 Albertans from the target communities were registered for the program. Participants in the program showed significant improvement in the intensity of their planned activities, and significant changes in eating habits. The evaluation of the general media campaign showed that the campaign was successful in raising awareness among Albertans that type 2 diabetes is largely preventable.

The Minister of Health and Wellness approved the *Alberta Provincial Stroke Strategy*, to reduce stroke incidence, improve care, optimize recovery and reduce financial burden. The Alberta Stroke Council, established in June 2005, is comprised of representatives from Alberta Health and Wellness, the Heart and Stroke Foundation of Alberta, North West Territories, Nunavut and all nine Alberta health regions. The Council has implemented a work plan for the four pillar components of stroke care: stroke prevention and health promotion; acute stroke care; stroke rehabilitation and community reintegration; and network evaluation and quality improvement.

Provide quality health and wellness services.

Alberta mental health services were expanded, through funding from the three-year Mental Health Innovation Fund, with the approval of 36 new projects ranging from outreach programs to day treatment and crisis intervention services. The projects will provide a variety of services across the province, including a seniors' mental health outreach service in the Chinook Health Region, a program to address mental health services for high needs children and their families in the Calgary Health Region, a day treatment and learning centre for youth in the David Thompson Health Region, and crisis intervention services in rural and aboriginal communities.

The government made a significant $2.26 billion commitment to additional capital investment in health infrastructure in 2005/2006. This will allow us to continue to preserve and expand our infrastructure to improve access to health services. The current provincial Capital Plan will provide for nearly 2,200 additional acute care beds at various hospitals throughout the province over the next several years as well as targeted growth in capacity in areas such as surgical, diagnostic, ambulatory and emergency care.

As of March 2006 there were 14 Local Primary Care Initiatives, now known as Primary Care Networks, in operation, involving approximately 550 family physicians and providing services to more than 700,000 patients. Primary Care Networks use a team approach to coordinate care for their patients. Family physicians work with health regions to better integrate health services by linking to regional services such as home care. Family physicians also work with other health providers such as nurses, dietitians, pharmacists, physiotherapists and mental health workers who help to provide some services within the Primary Care Networks.

As part of its comprehensive program to educate, recruit and retain physicians for rural Alberta medical practice, a new program of the Alberta Rural Physician Action Plan offered 10 bursaries to medical students from rural areas of Alberta. The program reimburses tuition costs throughout their medical school training. Up to 10 bursaries will continue to be offered annually to rural Alberta students attending medical school in Alberta in return for a five-year commitment to practice in rural Alberta upon graduation. In addition, the Alberta Rural Family Medical Network was expanded by 10 entry positions (to 30 entry positions annually) to place more medical residents in rural Alberta, as preparation for rural Alberta practice upon graduation.

In August 2005, regional health authorities were advised to increase the paid hours for nursing and personal care in continuing care facilities from 3.1 to 3.4 hours. By November 2005, all regional health authorities indicated that personal care and nursing paid hours had been increased and the target of 3.4 hours was met in January 2006 as requested by the department.

Lead and participate in continuous improvement in the health system.

On February 28, 2006, the government released Alberta's new *Health Policy Framework*, which set the stage for sustainable, flexible and accessible health services for Albertans. The framework took into account the many factors that impact the public health care system, such as the rising cost of pharmaceuticals; the need to keep up with rapidly changing technology; and the fact that Alberta's aging population is increasing. Stakeholder and public consultations occurred during March 2006, and a consultation report will be released in April 2006.

In October 2005 an economic and actuarial analyses was conducted to develop conceptual insurance models in four areas: prescription drugs, continuing care, non-emergency health care and supplemental health products and services. The *Health Benefit Design Options Report* was completed; it will be released in April 2006, and posted on the Alberta Health and Wellness website at **www.health.gov.ab.ca**.

There were several key findings in the report, one of which is that regardless of the type of funding model, health services in the four key areas are rising at unsustainable rates. The report also found that insurance may only be part of the sustainability solution, as any new funding model must be accompanied by strong cost control measures.

Alberta invested an additional $157.5 million into Alberta Netcare to support province-wide technology enhancements and connect more health professionals to the patient information they need to make the best care decisions. The number of health regions, physician offices and pharmacies with access to Alberta Netcare was increased. A total of 1,193 physicians and 1,144 physician office staff, as well as 1,440 pharmacies now have access to Alberta Netcare. In total, Alberta Netcare has been expanded to 8,864 users in Alberta.

FINANCIAL RESULTS

The ministry spent $9.2 billion in 2005/2006 to provide health care services for Albertans, $912 million higher than 2004/2005. Explanations of major changes from 2004/2005 are provided below for both revenues and expenses.

Revenues

The Ministry of Health and Wellness revenues in 2005/2006 were $3.1 billion, almost $97 million higher than 2004/2005. This is primarily the result of increased revenue from the Government of Canada partially offset by reduced Alberta Health Care Insurance Premium revenue due to the discontinuation of premiums for seniors in October 2004.

Expenses

The ministry expense reflects the increased cost of providing services through the regional health authorities and the provincial health boards due to issues such as inflation and increased demand for services. In addition, utilization of physician services continues to increase and its effect is compounded by the rate increase of 3.5 per cent effective October 1, 2004. Increases in the non-group health care benefits program are primarily due to the rising cost of prescription drugs and increased utilization of the program.

Significant investments were made in Alberta Netcare to support province-wide technology enhancements and connect more health professionals to the patient information they need to make the best care decisions. This was also the first year for the *Diagnostic Imaging Strategy* which saw $51.6 million provided to digitize X-rays, computed tomography (CT) and magnetic resonance imaging (MRI) scans across the province to improve quality of care for Albertans by providing doctors and patients with faster access to reports and images.

Additional funding was provided to address the recommendations of the MLA Task Force on Continuing Care Health Services and Accommodation Standards. Funding was provided to increase the number of nursing hours in long-term care facilities from 3.1 to 3.4 hours per resident day, support the implementation of new standards for medication management and accelerate the implementation of continuing care systems projects to improve the availability of information used in decision making.

Capital Health, the Calgary Health Region and David Thompson Regional Health Authority received additional funding to continue the Alberta Hip and Knee Joint Replacement pilot project. Interim results show decreased wait times for first orthopaedic consult from 35 to 6 weeks, decreased wait times between first orthopaedic consult and surgery from 47 to 4.7 weeks, decreased length of stay in hospital from 6.2 to 4.3 days and satisfaction with the care provided among surveyed patients and physicians. Funding was also provided to support the development of innovative models of care for health services such as cardiac care, breast and prostate cancer care.

In 2005/2006, responsibility for health facilities infrastructure was transferred to the joint responsibility of the Ministers of Infrastructure and Transportation, and Health and Wellness. In October 2005, $1.4 billion was announced for 20 capital projects of which $64.6 million was provided to the health authorities in 2005/2006.

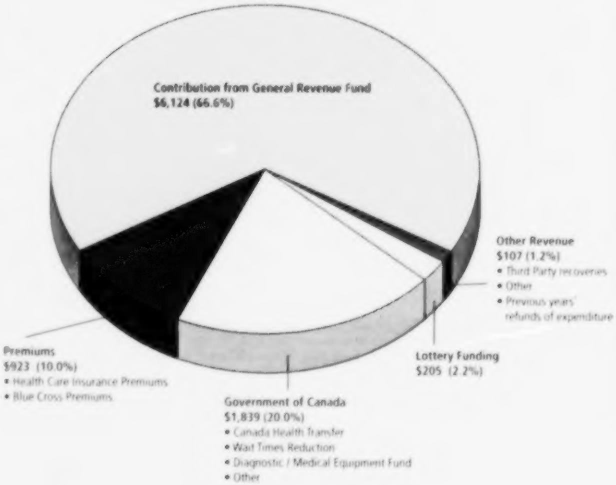
The Alberta Alcohol and Drug Abuse Commission (AADAC) received funds, which the Commission allocated towards the development of youth detoxification and residential programs. AADAC opened 24 new addiction treatment beds to serve youth aged 12 to 17 years. This includes two four-bed detoxification programs and two eight-bed residential programs in Edmonton and Calgary. The residential program in Edmonton incorporates a group care model, while the Calgary program utilizes an adventure therapy wilderness model.

This was the first year funding was provided to help municipalities provide pre-hospital ground ambulance transportation. In addition, regional health authorities and the Alberta Mental Health Board received the first year of funding for Mental Health Innovation for 36 new projects ranging from outreach programs, to day treatment and crisis intervention services. Funding was also provided to the

Alberta Mental Health Board for two justice related mental health programs. The Provincial Family Violence Treatment Program provides mandatory assessment and treatment services for perpetrators of family violence and the Provincial Diversion Program redirects individuals with mental illness who have committed minor offences from the criminal justice system into appropriate mental health, social and support services.

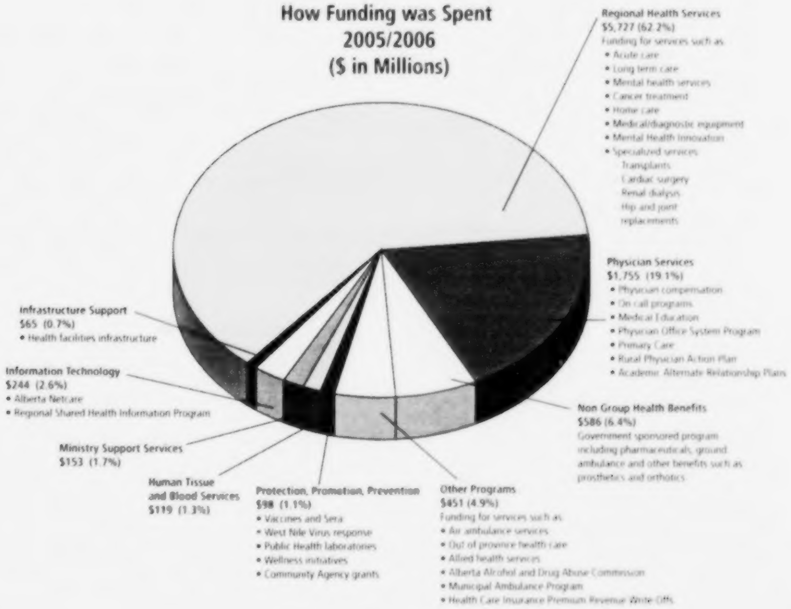
Funding provided to the health authorities for diagnostic/medical equipment was significantly less than in 2004/2005 due to one-time funding of $150 million provided in that year. This is partially offset by funding provided to purchase and install patient lift devices in long term care facilities to implement a safe lift policy, computed tomography (CT) equipment for Lloydminster and Grande Prairie and a magnetic resonance imaging (MRI) unit for Fort McMurray.

Source of Funding
2005/2006
($ in Millions)



Total – $9,198 Million

How Funding was Spent
2005/2006
($ in Millions)



Total – $9,198 Million

Results Analysis

AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Health and Wellness' 2005-06 Annual Report.* My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2005. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found the following exceptions: I was unable to complete procedures 3 and 4 for the measures: *Diabetes: Number of New Cases of Type 2 Diabetes* and *Number of Care Providers Accessing the Electronic Health Record* due to the late receipt of the information.

Also, my examination was limited to the completeness, reliability, comparability and understandability of all measures. Accordingly, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
September 1, 2006

Ministry Role

THE MINISTRY

In Canada, the jurisdiction over health is shared between the federal and provincial levels of government and is defined in the Canadian constitution. Provincial governments have jurisdiction over the delivery of medical and hospital services to the majority of Canadians. The federal government has jurisdiction over the delivery of health services to members of the Royal Canadian Mounted Police, Canadian Forces, and federal prisoners. The federal government also provides some health services to veterans and persons with status under the *Indian Act*. Both federal and provincial governments share the responsibility for protecting public health.

Alberta's health care system is defined in provincial legislation and is governed by the Minister of Alberta Health and Wellness. The Ministry of Alberta Health and Wellness provides strategic direction and leadership to the provincial health system. This role includes developing the overall vision for the health system, defining provincial goals, objectives, standards and policies, encouraging innovation, setting priorities and allocating resources. The ministry's role is to assure accountability and to balance health service needs with fiscal responsibility. Alberta Health and Wellness also has a major role in protecting and promoting public health. This role includes: 1) monitoring the health status of the population, 2) identifying and working toward reducing or eliminating risks posed by communicable diseases, and food-borne, drug and environmental hazards, 3) providing appropriate information to prevent the onset of disease and injury and 4) promoting healthy choices.

The ministry administers the Alberta Health Care Insurance Plan. The ministry registers eligible Alberta residents for coverage under the plan and compensates practitioners for the insured services they provide. The ministry also provides funding to regional health authorities and provincial health boards. They are responsible to the minister for providing services in accordance with their legislated mandate. The role of regional health authorities and provincial health boards includes assessing needs, setting priorities, allocating resources and monitoring performance for the continuous improvement of health service quality, effectiveness and accessibility.

The following six sections of this annual report are organized according to the six goals of the 2005 to 2008 ministry business plan. Specific information is provided about actions, key achievements, performance indicators and results, in relation to the planned strategies under each goal. The strategies are highlighted in bold print.

Goal

1 Albertans make choices for healthier lifestyles.

Early childhood development, education, employment, lifestyle choices, socio-economic environments and genetic make-up are among the many factors that determine the health of an individual and society. Albertans are encouraged to realize their full health potential through informed lifestyle choices. A healthy lifestyle greatly contributes to the quality and length of a person's life. The ministry, health authorities and health service providers play an important role in providing the information to Albertans so that they can make the best choices for their health.

WHAT WE DID

Promote self-reliance by helping Albertans self-manage their health needs and make appropriate use of the health system through counseling and information services like Health Link Alberta and http://www.healthyalberta.com

- The Healthy U website (healthyalberta.com) continues to provide Albertans with links to credible sources of information on healthy eating and active living. Information is updated regularly to ensure the most current information is available and now includes simple active living tips and recipes to support the Healthy U media campaign. The subscription list for the Healthy U Hot Tips has grown to more than 2,000 subscribers who receive weekly healthy eating/active living e-mails.

Collaborate with community stakeholders to strengthen the ability of individuals and communities to increase healthy behaviours and reduce the risk of disease, illness and injury.

- Twelve Alberta employers will be recognized in April 2006, for their commitment to improving the health of their employees over the last year as the winners of the first annual Premier's Award for Healthy Workplaces. As part of the Alberta government's Healthy U @ work initiative, the award acknowledges employers who encourage their staff to make healthy eating choices and incorporate active living into their workday. Awards of distinction will be presented to the University of Calgary, Alberta Blue Cross, Alberta Newsprint Company and the Arthritis Society.
- The Snacktivity Box was launched as a resource for child care providers to promote healthy eating and active play with young children. A total of 1,800 copies of the Snacktivity Box were produced, 800 were distributed in January 2006 and another 1,000 were distributed in February 2006 to registered daycares and day homes across the province.

Provide health and lifestyle information to help people make healthy choices to reduce the risk of disease and injury (e.g., fetal alcohol spectrum disorder (FASD), obesity, sexually transmitted infections, human immunodeficiency virus (HIV), etc).

- The *Child Health Surveillance Report* and the *Report on the Health of Albertans* (to be released July 2006) were completed.

- The *Alberta Child Health Surveillance Report* is a comprehensive cross-ministry report aimed at developing an understanding of, and ultimately improving the health of Alberta's children. The report presents an extensive and current survey of the health determinants, health status, and health service utilization by children in Alberta. Changes over time, effects of age group, the First Nations status, and region of residence are discussed. Findings include:
  - Rates of teenage pregnancy and invasive pneumococcal and meningococcal diseases are decreasing.
  - More than one quarter of Alberta children are overweight.
  - Most Alberta children engage in physical activities outside of school at least once a week.
  - Rates of trying smoking are decreasing among students in grades five to nine.
  - After one year of age, the most common cause of death is injury.
  - Childhood mortality is low in Alberta.
- The *Report on the Health of Albertans* is a comprehensive report on the health status of Albertans. It provides information on demographics, determinants of health, non-communicable (chronic) disease, mental health, injury, and communicable disease. A historical context is provided on key health indicators, with key historical events in the evolution of Alberta's health care system highlighted. Highlights of the report include:
  - By 2033, the Alberta population will surpass five million with 19 per cent over the age of 65 years. Currently, 10.5 per cent of the population is over age 65.
  - A significant decrease in the incidence of vaccine-preventable diseases has occurred following the introduction of a provincial immunization program.
  - One in five Alberta women and one in 10 Alberta men received care in the past year for a mental health problem.
  - Only 45 per cent of women and 30 per cent of men consume five or more servings of fruits and vegetables per day.
  - In the past year, 15 per cent of men and 12 per cent of women were treated for cardiovascular disease.
- Since the Mobile Diabetes Screening Initiative was started in 2003, a total of 17 Aboriginal communities have been screened. In 2005/2006, five new Aboriginal and off-reserve communities were screened.
- Type 2 diabetes awareness and promotion programs continued in three Alberta communities (Edmonton/city centre, Bonnyville/St. Paul and Medicine Hat) through the Keep Your Body in Check Program. This program included a general media campaign across Alberta, and used social marketing and community education to engage individuals in reducing their risks of developing type 2 diabetes. The three-year program was completed on March 31, 2006. Over 8,500 Albertans from the target communities were registered for the program. Participants in the program showed significant improvement in the intensity of their planned activities, and significant changes in eating habits. The evaluation of the general media campaign showed that the campaign was successful in raising awareness among Albertans that type 2 diabetes is largely preventable. A general increase in knowledge about diabetes, prevention strategies and sources of information

about diabetes was also observed. The complementary nature of this program with other provincial and local initiatives, such as Healthy U and the Healthy Alberta Communities project contributed to its success.

- The Healthy Alberta Communities project, led by the Centre for Health Promotion Studies (CHPS), focuses on the prevention of type 2 diabetes and other chronic diseases in three communities. This project builds on the work that was initiated by the Canadian Diabetes Association's Keep Your Body in Check program and the Alberta Heart Health Project. Specific interventions are determined by community needs and participation. The impact in each community will be determined by the physiological data collected (e.g. blood pressure, blood glucose, cholesterol levels, waist to hip ratio, and body mass index). In addition, behavioural data and psychosocial factors related to smoking, healthy eating and physical activity will also be collected.

Ensure that addiction information, prevention and treatment services are available province-wide.

- On December 15, 2005, following an amendment to provincial regulations, single-entity pseudoephedrine, a main ingredient used in the production of crystal methamphetamine, was reclassified as a schedule 2 drug, requiring it to be placed behind the pharmacist's counter. The regulation change helped impose greater restrictions on the sale of precursors to the production of crystal methamphetamine.
- On January 1, 2006, the *Smoke-Free Places Act* was enacted to protect minors from smoke in public places. The new legislation prohibits smoking in any public place or workplace (including vehicles) that is accessible to anyone under the age of 18. The law introduces a minimum provincial standard of protection from second-hand smoke in public places.

Work with other ministries to target strategic health and wellness initiatives that address the health needs of children, youth, seniors, Aboriginal communities and Albertans with disabilities or who are disadvantaged.

- In response to the establishment of the Improving the Health System cross-ministry initiative, in December 2005, Health and Wellness consulted with government ministries, regional stakeholders and partners on an overall approach to building a wellness strategy for Alberta's children and youth. Beginning in January 2006, the cross-ministry steering committee and working group commenced development of the *Healthy Kids Alberta Strategy*. Eleven ministries, the Public Health Agency of Canada, the Alberta Alcohol and Drug Abuse Commission and the Alberta Mental Health Board have committed to participating. The strategy will be developed along two tracks: priority areas for immediate action and the development of a long term (10 year) cross-ministry wellness strategy.
- In partnership with the First Nations Inuit Health Branch (FNIHB) – Health Canada, clinical telehealth services have been initiated in four Aboriginal communities that already had the technology available but were not being utilized for clinical services. Now residents can access rehabilitation services, pediatric care/child health, as well as discharge planning between specialized centers and the client's home community health center.

- Through funding from Alberta Health and Wellness and in conjunction with the Ministry of Seniors and Community Supports, the Alberta Centre for Active Living implemented the Seniors Wellness Campaign throughout Alberta to train homecare workers to assist seniors to be independent in their homes.

Coordinate and integrate the department's leadership and the quality of its contribution to cross-ministry initiatives to ensure optimum strategic investments.

- Alberta Health and Wellness played a strong role in collaboration with other ministries in the achievement of the goals and targets of the Health Innovation and Wellness Initiative. They include:
  - The Healthy U campaign, Young Family Wellness Initiative, Diabetes Prevention campaign, and the *Alberta Tobacco Reduction Strategy* all raised the awareness of health promoting behaviours.
  - Youth addiction services were enhanced with AADAC opening 24 new youth detoxification and residential treatment beds in Edmonton and Calgary.
  - Continuing care services were enhanced. The MLA task force released the *Achieving Excellence in Continuing Care* report, and regional health authorities have begun implementing the recommendations. The *Aging in Place Strategies* that have already been implemented have resulted in more Albertans receiving community-based continuing care services. Exceeding the original goal of 750 spaces, 1,225 new Rural Affordable Living spaces were approved for development.
  - The Alberta Alcohol and Drug Abuse Commission successfully implemented two demonstration projects designed to enhance addictions and mental health services. An urban-based project focused on ensuring a seamless continuum of services for adult clients, while a rural-based project focused on enhancing access to services for youth and their families.
  - Fourteen Primary Care Networks (PCNs) are in operation across the province, with another 15 in various stages of development. This exceeded the original target of 12.
  - The International Symposium on Health was successfully held in Calgary May 3 to 5, 2005 and helped lay the groundwork for one of government's top eight new cross-ministry priorities: Improving Alberta's Health System
- Alberta Secure Access Service (ASAS); a cross-ministry initiative, continues to be a priority. This service helps Alberta Netcare users save time. It gives them common, trusted credentials that, once logged in, will provide access to multiple applications. All users benefit from self-service features like password resets, single sign-on and self-registration.

Key Performance Measures and Results

MEASURE 1.A

Self reported health status

Self-reported health status is a good indicator of the health and well being of Albertans. It is accepted nationally and internationally as a means of reporting on population health. How people rate their own health is affected by a variety of factors, including genetic factors, early childhood development, education, employment status, chronic disease, disability, temporary illness, mental health and the environment. Self-reported health status result for those 65 years old and over was slightly below target in 2005 but increased in 2006. For the 18 to 64 years category, the self reported health status result increased slightly in 2005 but dropped again in 2006. The self-reported health status of Albertans has been at or near the target values for the past five years.

Self reported health status

	2002	2003	2004	2005	2006	Target 2005
Age 18 – 64 Per cent reporting excellent, very good, or good health	88	90	88	89	88	90
Age 65+ Per cent reporting excellent, very good, or good health	78	80	78	78	86	80

Source: 2006 HQCA Satisfaction with Healthcare Survey, conducted by IPSOS.
Data are collected through a telephone survey of 4,780 randomly selected Alberta households. The survey is commissioned by the HQCA and is conducted by IPSOS.
Adult Albertans are asked: "In general, compared with other people your age, would you say your health is: excellent, very good, good, fair, or poor?" The sample size for the 18 – 64 group is about 4,100, and estimates are accurate within about two per cent 19 times out of 20. The sample size for the 65+ group is about 662 and these estimates are accurate within about four per cent 19 times out of 20.
2002 – 2005, Public Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

MEASURE 1.B

Life expectancy

Life expectancy at birth is the average number of years a newborn is expected to live. It is assumed that current mortality rates will remain constant throughout their lives. One of the biggest jumps in life expectancy coincided with the introduction of sanitation, which greatly reduced the spread of disease. In the last century life expectancy has greatly increased in the western world due to the eradication and control of many infectious diseases and the near elimination of infant mortality. Past improvements in medicine, public health, and nutrition mainly increased the number of people living beyond childhood having little effect on overall life expectancy. It is believed, however, that future medical advancements aimed at better disease monitoring and simple intervention such as blood pressure and clotting level control will prevent many sudden deaths or strokes increasing life expectancy further. On the other hand, the rising prevalence of obesity is thought to reduce the potential for longer life by contributing to the rise of cancers, heart disease and diabetes in the developed world. Life expectancy for males and females in Alberta has slightly increased over the last five years but remains just below the targets of 78 and 83 years respectively.

Life expectancy at birth (in years)

	2000	2001	2002	2003	2004	2005	Target 2005
Male	77.1	77.0	77.4	77.5	77.8	77.6	78
Female	82.0	82.4	82.0	82.3	82.6	82.7	83

Source: Alberta Vital Statistics Registry, Alberta Health Care Insurance Plan Registry.
The 95 per cent confidence interval for Alberta life expectancy estimates is about ±0.2 years. Life expectancy at birth is an estimate of the number of years that a person born in that year will live, based upon current mortality statistics.

MEASURE 1.C

Birth Weight

Birth weight is an indicator of the health status of newborns. Adequate prenatal growth is essential for future growth and development. Low birth weight (LBW) babies are more likely to have birth related complications, disabilities, and other health problems. They are also more likely to have developmental delays, learning, and behavioural problems and long term health problems. Low birth weight is a major factor in infant mortality. Very low birth weight babies (under 1500 grams) are especially likely to have long term health problems and to require higher levels of health care throughout their lives.

The percentage of low birth weight babies in Alberta has increased over the last decade. The percentage of low birth weight babies during the period from 2003 to 2005 was slightly higher than the 2005 target of 6 per cent.

Per cent of low birth weight babies

	1994/1996	1997/1999	2000/2002	2003/2005	Target 2005	Target 2012
Per cent of Alberta newborns who have a birth weight less than 2500 grams	5.9	6.1	6.2	6.4	6.0	5.5

Source: Alberta Vital Statistics Birth File, includes newborns who have a birth weight less than 2500 grams.

MEASURE 1.D

Exercise

Healthy U is a provincial initiative to promote the benefits of healthy eating and active living; important lifestyle factors that contribute to reducing the risk of chronic diseases. The initiative includes the website **www.healthyalberta.com**, Healthy U Crew, Community Choosewell Challenge, Healthy U @ work, the Premier's Award for Healthy Workplaces, the Snacktivity Box, and recipe cards. Physical activity can help protect an individual against heart disease, obesity, high blood pressure, diabetes, osteoporosis, stroke, depression and certain kinds of cancers. The results show that, over the past decade, Albertans have become increasingly active in their leisure-time activity. Albertans who maintain an active lifestyle can improve their quality of life and long term health outcomes.

Per cent of Albertans age 12 and over who are "active or moderately active"

	1998/1999	2000/2001	2002/2003	2004/2005	Target 2005	Target 2012
Per cent of Albertans age 12 and over reporting they are "active or moderately active"	53	52	56	55	60	80

Source: Statistics Canada – Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003, 2004/2005), National Population Health Survey (1999).

Approximate sample size for Alberta is 12,000 households, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents.

Albertans age 12 and older who reported their level of physical activity, based on their responses to questions about the frequency, duration and intensity of their participation in leisure-time physical activity.

Respondents are classified as active, moderately active or inactive based on an index of average daily physical activity over the past 3 months. For each leisure time physical activity engaged in by the respondent, average daily energy expenditure is calculated by multiplying the number of times the activity was performed by the average duration of the activity by the energy cost (kilocalories per kilogram of body weight per hour) of the activity. The index is calculated as the sum of the average daily energy expenditures of all activities. Respondents are classified as follows: 3.0 kcal/kg/day or more = physically active; 1.5 – 2.9 kcal/kg/day = moderately active; less than 1.5 kcal per day = inactive.

MEASURE 1.E

Healthy Diet

Eating the right amount of food is as important as what you choose to eat. Eating well provides the fuel for an active, healthy lifestyle. Vegetables and fruit help people stay healthy. They are loaded with vitamins, fiber and antioxidants, all known to help fight disease and allow our bodies to perform at their best. Choosing nutritious foods can also help to lower the risk for heart disease, stroke, diabetes, cancer and osteoporosis. Through the Healthy U campaign, Albertans have been educated that it is important to eat a variety of foods from each of the four food groups in Canada's Food Guide to Healthy Eating. The Healthy U campaign promotes choosing a serving of fruit and vegetables at every meal and snack to reach the goal of at least five servings every day.

Per cent of Albertans who eat at least 5 to 10 servings of fruit and vegetables each day

	2000/2001	2002/2003	2004/2005	Target 2005	Target 2012
Per cent of Albertans age 12 and over reporting they ate at least 5 to 10 servings of fruit and vegetables each day	33	39	39	40	50

Source: Statistics Canada – Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003, 2004/2005).
Approximate sample size for Alberta is 12,000 households, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents.
Albertans age 12 and older who reported they ate at least 5 – 10 servings of fruit and vegetables each day.

MEASURE 1.F

Healthy Weight

There are four categories of body mass index (BMI) ranges in the Canadian weight classification system. These are: underweight (BMIs less than 18.5); normal weight (BMIs 18.5 to 24.9); overweight (BMIs 25 to 29.9), and obese (BMIs 30 and over).

Most adults with a high BMI (overweight or obese) have a high percentage of body fat. Extra body fat is associated with increased risk of health problems such as diabetes, heart disease, high blood pressure, gallbladder disease and some forms of cancer.

Per cent of Albertans with a "healthy" body mass index (BMI). Note: Normal BMI is considered "healthy".

	1998/1999	2000/2001	2002/2003	2004/2005	Target 2005	Target 2012
Per cent of Albertans whose body mass index (BMI) is in the range of 18.5 – 24.9	46	49	47	46	50	55

Source: Statistics Canada – Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003, 2004/2005), National Population Health Survey (1999).
Approximate sample size for Alberta is 12,000 households, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported result. Excluded from CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian reserves and of Crown lands, and residents of a few remote areas. Results are adjusted for non-respondents. The index excludes pregnant women and persons less than 3 feet (0.914 meters) tall or greater than 6 feet 11 inches (2.108 meters).
Albertans age 18 and older who reported Body Mass Index (BMI), based on their responses to questions about their height and weight. "Acceptable" BMI includes respondents with a normal weight (BMI 18.5 – 24.9).
BMI is calculated as follows: weight in kilograms divided by height in meters squared. The index is: under 18.5 (underweight); 18.5 – 24.9 (normal weight); 25.0 – 29.9 (overweight); 30.0 – 34.9 (obese – Class I); 35.0 – 39.9 (obese – Class II); 40 or greater (obese – Class III).

MEASURE 1.G

Diabetes

Type 2 diabetes accounts for 90 to 95 per cent of all cases of diabetes. Type 2 diabetes is largely preventable. Diabetes is a serious, chronic health condition and a major cause of and contributor to disease and death among Albertans. People with diabetes are 2.5 times more likely to have heart disease, 11 times more likely to have kidney failure, 17 times more likely to have an amputation, and eight times more likely to undergo bypass surgery. Under the *Alberta Diabetes Strategy*, the Alberta Monitoring for Health program helps low-income Albertans buy supplies, while the Mobile Diabetes Screening Initiative screens Aboriginal people living off-reserve for diabetes and its complications.

As the number of people with diabetes grows, the disease takes an ever-increasing proportion of the health care budgets. Without primary prevention, the diabetes epidemic will continue to grow. Immediate actions are needed to help slow the rate of growth and to introduce cost-effective treatment strategies that will reverse this trend. Because of its chronic nature, the severity of complications and the means required to control them, diabetes is a costly disease, not only for the affected individual and his/her family, but also for the health system. The three-year Keep Your Body in Check program that used public awareness and community education to heighten awareness and reduce the rate of type 2 diabetes in Alberta and has helped at-risk Albertans to take positive actions in their health was completed March 31, 2006.

Number of new case of type 2 diabetes (per 1000 population at risk)

	2001	2002	2003	2004	2005	Target 2005	Target 2012
General Population	3.8	4.0	3.8	4.2	4.3	4.3	4.1
First Nations Population	7.8	7.5	7.9	8.1	8.3	8.7	8.5

Source: Alberta Health and Wellness, Public Health Surveillance and Environmental Health Branch.
Incidence rates are calculated based on the date an individual meets the surveillance case definition. The values are a proxy for type 2 diabetes based on calculations using type 1 and 2 diabetes. An individual is identified as having diabetes if they have had two or more physician visits within a five-year period. If they have residency in Alberta for longer than 5 years, they require 3 or more physician services. The incident date is the date that the person met the surveillance case definition.
Note: The Auditor General was not able to complete auditing procedures on this measure prior to publication of the 2005/2006 annual report. Audited information will be posted on www.health.gov.ab.ca when complete.

MEASURE 1.H

Alcohol Consumption

The results show that the number of pregnant women who consume alcohol is declining. Consuming alcohol during pregnancy can result in fetal alcohol spectrum disorder. A baby born with fetal alcohol spectrum disorder can have serious disabilities and therefore could require a lifetime of special care. Alberta's goal is to have zero per cent of women consume alcohol during pregnancy by 2012.

Per cent of Alberta women who reported that they consumed alcohol during pregnancy

	2000	2001	2002	2003	2004	Target 2005	Target 2012
Per cent of Alberta women reporting that they consumed alcohol during pregnancy	4.0	3.9	4.0	4.1*	3.7*	3.5	0

Source: Vital Statistics Birth File.
Includes Albertan women who gave birth and reported they consumed alcohol during pregnancy.
Data excludes non-Albertan residents and is adjusted for non-respondents.
* Data is preliminary

MEASURE 1.I

HIV

Since 2000, the rate of new human immunodeficiency virus (HIV) cases has been gradually declining but the risk factor has changed with a decline in new infections among injection drug users and a rise in sexual transmission of HIV; in 2005, 73 per cent of all new HIV infections were sexually transmitted. Alberta's first *Blood Borne Pathogen and Sexually Transmitted Infections Strategy*, which will address these important challenges, is awaiting final approval and implementation.

Age adjusted rate of newly reported HIV cases (per 100,000 population)

	2001	2002	2003	2004	2005	Target 2005
Age adjusted rate of newly reported HIV cases	6.0	6.0	5.3	5.6	5.2	5.2

Source: Alberta Health and Wellness, Disease Control and Prevention Branch

MEASURE 1.J

Sexually Transmitted Infections

Since 2000, the rate of all reportable sexually transmitted infections (STI) in Alberta has been increasing significantly each year. In 2005, STI represented 64 per cent of all communicable diseases reported in Alberta. Currently, Alberta rates for syphilis, chlamydia and gonorrhea are higher than and rising at a greater rate than the national rate. The significant increase in newly reported infection rates for syphilis and gonorrhea may be due to a decrease in safer sex practices and links to the sex trade where partners remain anonymous making the testing and treating of partners very difficult. Alberta's first *Blood Borne Pathogen and Sexually Transmitted Infections Strategy* will address these important challenges.

Rates of newly reported infections (per 100,000 population)

	2001	2002	2003	2004	2005	Target 2005
Syphilis	0.8	0.6	1.2	2.3	4.5*	1.45
Gonorrhea	26	32	33	43	48	35
Chlamydia	215	238	252	263	274	260

Source: Alberta Health and Wellness, Disease Control and Prevention Branch

* Based on preliminary data, in 2005, the definition of infectious syphilis was broadened to include cases of neuronsyphilis that are determined, through clinical evaluation, to be infectious.

Goal

2 Albertans' health is protected.

As public health issues such as avian influenza gain attention worldwide, Albertans need to know that their health system is ready and able to protect their health. Alberta Health and Wellness, in collaboration with health authorities and other partners, continues to protect Albertans from disease and injury.

WHAT WE DID

Reduce suicide and the risk of serious injury through education and targeted interventions in collaboration with other agencies. Work with AADAC, Children's Services and Solicitor General to reduce the number of youth suicides.

- Alberta Health and Wellness is co-chair of the cross-ministry *Aboriginal Youth Suicide Prevention Strategy*, which is utilizing a community development approach to youth suicide prevention. The three initial pilot sites – Lethbridge and surrounding First Nations, High Prairie and surrounding Métis Tri-Settlements, and Eden Valley First Nations – prepared their first year reports for submission and review. In addition, their second year action plans have been prepared for review and approval. Two new communities – Assumption and surrounding First Nations, and Hobbema and surrounding First Nations, were identified as potential pilot sites for expanded implementation of the *Aboriginal Youth Suicide Prevention Strategy* in 2006/2007. Action plans are expected to be developed for review and approval in spring 2006.
- The Aboriginal Youth Suicide Prevention Strategy Education and Awareness Subcommittee developed a preliminary communications plan that describes the overall goals and target audience for the campaign. Focus groups with Aboriginal youth, organizations and social service providers were conducted, as part of a provincial youth forum, to determine the most effective ways to reach youth. A provincial sponsorship allowed the attendance of many Aboriginal youth from off-reserve.
- The Alberta Centre for Injury Control and Research (ACICR) received $1.5 million in funding for core operations. This included a pilot project in Grande Prairie where ACICR staff worked to assist the Grande Prairie and Area Safe Communities Committee in clearly identifying goals, objectives and strategies to address awareness issues. The goal of the project was to develop a model for community development which empowers communities and supports them in more effectively evaluating their injury prevention initiatives. Work on this project continues.

Protect Albertans against communicable diseases by strengthening the health system's capacity to prevent, be prepared for and respond to public health risks such as vaccine-preventable diseases, emerging threats like avian influenza and increases in sexually transmitted infections.

- A new campaign, called It's in Your Hands, was initiated to increase the public's confidence in their ability to recognize, prevent and treat influenza, and know when to access the health care system. Self-care and information materials were made available online through the Alberta Health and Wellness website, and in all public health centres where immunizations were given.

- Funding of $2.3 million was given to the Alberta Community Council on HIV to support 14 community-based HIV service organizations, and 13 community-based HIV projects. These organizations and projects work to provide prevention, care and support for those infected and affected by HIV.
- Provincial public health management guidelines were developed to define a consistent approach for those who are "unwilling and unable." This includes HIV infected persons who refuse or neglect to comply with behaviours to prevent the transmission of HIV to others.
- An Outbreak Response Procedure Manual was completed for communicable disease outbreaks.
- A Smallpox Emergency Response Plan has been developed, and all regional health authorities were provided with grants to develop and implement the plan.
- Work was initiated on updating the 2002 Alberta Pandemic Influenza Contingency Plan. It is now called the Pandemic Influenza Plan.
- A pandemic communications exercise with Alberta Health and Wellness, regional health authorities and the First Nations and Inuit Branch was held on October 4, 2005. The exercise provided a functional test of the Emergency Operations Centre. The Communicable Disease Emergency Response Group for Pandemic was tested as part of the annual Department Business Continuity Plan using a pandemic scenario on November 9, 2005. These exercises provided the opportunity to identify gaps in planning and the opportunity to strengthen overall planning processes.

Protect Albertans from environmental health risks transmitted via air, water, food and physical environments through education, environmental and air quality monitoring, regulatory compliance and enforcement in partnership with other ministries.

- Environmental Impact Assessments for industrial development, submitted to Alberta Health and Wellness by development proponents through Alberta Environment, were reviewed to ensure that the impacts of these projects on human health were understood and addressed. Projects included: Altalink SW 240 kV transmission line; AltaLink 500 kV N-S Power line; CNRL Primrose East; Deer Creek North Mine; Dodds Coal Mine; EXXON/Mobil Oil Kearl Lake; Husky Energy – Sunrise Thermal Project; MEG Energy Christina Lake; Northwest Upgrader; PetroCanada MacKay; Shell Scotford Upgrader; Suncor Voyageur.
- In response to recommendations made by the Advisory Committee on Public Safety and Sour Gas, Alberta Health and Wellness completed a review of the scientific literature on the health effects associated with exposure to sulphur dioxide and published a report entitled "*Health Effects Associated with Short-term Exposure to Low Levels of Sulphur Dioxide (SO2) — A Technical Review*".
- Developed a revised Food and Food Establishments Regulation. This involved the development of a Guideline specifically designed to address food venues for community and volunteer organizations and development of a complete new regulation.

Develop networks and initiatives that improve access to disease screening and prevention services such as the Alberta Stroke Network.

- Work to implement the *Alberta Provincial Stroke Strategy* (to reduce stroke incidence, improve care, optimize recovery and reduce financial burden) throughout the province began in 2005/2006. The Alberta Stroke Council, established in June 2005, is comprised of representatives from Alberta Health and Wellness, the Heart and Stroke Foundation of Alberta, North West Territories, Nunavut and all nine Alberta health regions. The Council has established priorities and budget allocations, inventoried current stroke services and identified gaps. They have also developed a work plan for the four pillar components of stroke care: stroke prevention and health promotion; acute stroke care; stroke rehabilitation and community reintegration; and network evaluation and quality improvement.
- The Alberta Cervical Cancer Screening Program (ACCSP) has been implemented in two health regions; Calgary Health Region and Palliser Health Region, incorporating 40 per cent of their target population. The ACCSP aims to improve prevention and early detection of cervical cancer by increasing the number of women aged 18 to 69 years who receive regular pap tests. The ACCSP will strengthen cervical screening services already available in the province by working with physicians and labs to ensure women in the target group are screened regularly and appropriately, and that those with abnormal pap tests receive consistent follow-up care.
- Implementation of the ACCSP program into other regions was delayed due to technical difficulties with the information system. Based on the review of the cervical cancer screening (CCS) application, the Alberta Cancer Board will build a new application that will better support program operation and on-going implementation. An annual report for the Alberta Cervical Cancer Screening Program is available through the Alberta Cancer Board.

Work with other ministries on the *Alberta Water Strategy* to ensure safe and secure drinking water for Albertans.

- Alberta Health and Wellness and other government departments have been actively working with Alberta Environment on the cross-ministry *Water for Life: Alberta's Strategy for Sustainability*. The three key strategic directions in the strategy are: a) Safe secure drinking water; b) Healthy aquatic ecosystems; and c) Reliable, quality water supplies for a sustainable future. Alberta Health and Wellness is primarily focused on safe drinking water. Alberta Health and Wellness has allocated $2.1 million per year for the next three years to provide enhancements in the interests of safe and secure drinking water.

Key Performance Measures and Results

MEASURE 2.A

Mortality Rates

Alberta has one of the highest injury mortality rates among provinces. Through the use of standardized mortality rates for injury and suicide the ministry and several other government departments are able to design better safety and injury prevention strategies. These rates have changed little since 1998. It is clear that all sectors of society need to collaborate and focus their efforts on preventing injury and accidental death and suicide.

A change in diagnostic coding to the International Classification for Diseases occurred beginning in 2000; Land Transport Accidents replaces the previously reported category of Motor Vehicle Collisions. Approximately 95 per cent of land transport accidents are motor vehicle collisions.

Mortality rates (per 100,000 population)

	2000	2001	2002	2003	2004	Target 2005
Land Transport Accidents (Motor vehicle collisions included)	12	13	12	12	12	12
Suicide	14	16	14	14	14	13

Source: Vital Statistics and Alberta Health Registration File

Includes Albertan's who's death was coded as follows: Land Transport Accident = V01-V89 and Suicide = X60-X84, Y87.0 as the cause of death within Alberta Vital Statistics Death File. Results are based on ICD-10 diagnostic coding. Results are age standardized (per 100,000 population) to the 1996 Canadian Census population and exclude non-Alberta residents.

MEASURE 2.B

Childhood Immunization Coverage Rates

A high rate of immunization for a population can help ensure that the incidence of childhood diseases remains low and outbreaks are controlled. Immunization rates for Alberta remain steady, but below target. Additional efforts are required in remote areas of the province and with specific groups of residents to ensure children receive appropriate immunization for adequate health protection. A 10 year *Alberta Immunization Strategy* is being developed in an attempt to address these issues.

Per cent of children 2 years or under who have been immunized

	2000	2001	2002	2003	2004	Target 2005
Diphtheria, tetanus, pertussis, polio, Hib	79	78	78	78	82	88*
Measles, mumps, rubella	90	87	90	90	91	98***
Pneumococcal and Meningococcal **	-	-	-	-	-	98***

Source: Alberta Health and Wellness, CAIT Report 2413, data on childhood immunization are provided by regional health authorities and the First Nations Inuit Health Branch of Health Canada.

The number of children immunized is provided by the health regions immunization registries based on provincial policies. Population age two years is estimated from mid-year registry population file. Health Canada provides results for immunizations provided to children on First Nations reserves; these are included.

* This is the interim target with health regions moving towards 97 per cent as outlined in the Alberta Immunization Manual, 2001 in accordance with national standards.

** Data not available for Meningococcal and Pneumococcal conjugates due to complex immunization schedules and challenges in data collection.

*** Targets are for 2008.

MEASURE 2.C

Influenza Vaccination

The annual influenza season can have serious consequences on the health of older people, particularly those with chronic health conditions. Annual vaccination is recommended to reduce the severity of influenza on Albertans and on health system resources. The percentage of seniors aged 65 and over who received the flu vaccine has increased over the past four years but remains below the target of 75 per cent.

Per cent of seniors who have received the recommended annual influenza (flu) vaccine

	2002*	2003*	2004*	2005*	2006*	Target 2005/2006
Per cent of seniors aged 65 and over who have received the recommended annual influenza (flu) vaccine	67	66	68	69	68**	75

Source: Alberta Health and Wellness, data is collected from regional health authorities.
* Includes data from immunization campaign that runs October – April
** Based on preliminary data.

MEASURE 2.D

Screening Rate for Breast Cancer

Regular mammography screening (every two years) for women age 50 to 69 has been shown to be effective in reducing breast cancer mortality rates. The provincial target is 58 per cent of women in this age group screened regularly. The results for 2004/2005 are close to this target. A new breast cancer screening program will actively support women who are typically underscreened to participate in screening. The program will include education, community and outreach programs for "hard to reach" groups of women – such as ethnic communities for which breast health is an especially sensitive matter.

Screening rate for breast cancer

	2000/2001	2002/2003	2004/2005	Target 2005
Per cent of women age 50 – 69 receiving screening for breast cancer within the recommended screening guidelines.	54*	52*	53	58

Source: Statistics Canada – Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003, 2004/2005).
Approximate sample size for Alberta is 12,000 household, which provides a 95 per cent confidence interval of about 1 per cent above or below the reported results. Excluded form CCHS sampling framework were residents of institutions, full-time members of the Canadian armed forces of Indian reserve and of Crown lands, and residents of a few remote areas. Includes women aged 50 to 69 who reported when they had their last mammogram for routine screening or other reasons. The values stated only include the per cent of women who reported they have "Received a screening mammogram". The values have been adjusted for non-response.
*Figures have been restated due to change in methodology to include only women who have received a screening mammogram.

Goal

3 Improved access to health services.

Albertans expect to have timely access to the health services they need. Alberta Health and Wellness sets standards for access to health services in collaboration with health authorities and service providers. Access standards include wait times and geographic access guidelines for specific services. Alberta's approach to improving accessibility also includes greater opportunities for choice in the mode of health service delivery. Access standards and corresponding targets must reflect the complex interrelationships among different services and providers.

WHAT WE DID

Provide for continuing care services that allow Albertans to "age in place" in their homes and communities. Work with regions to coordinate access to continuing care services like nursing homes and home care; consolidate and modernize continuing care policy and regulations; and collaborate with Ministry of Seniors and Community Supports to address barriers/access to continuum of care and encourage innovation.

- A new coordinated access system has been implemented to provide single streamlined contact points for clients requiring continuing care services. The system operates 24 hours a day, seven days a week. Regional health authorities implemented an inter-regional transfer policy so that there is no barrier to services if a client moves from one region to another.
- Regional health authorities are expected to continue to implement the *Aging in Place Strategy*, shifting services from facility-based stream to home living and supportive living stream. The provincial resident ratio target set for both 2005/2006 and 2006/2007 was exceeded in 2004/2005. The latest resident ratio result for 2005/2006 is 67.3 residents per 1,000 versus the target of 69 residents per 1,000.
- New provincial targets for "aging in place" continuing care services were communicated to regional health authorities and will be included in their 2006/2007 health plans.

Find innovative and culturally appropriate ways to improve access to health services for all Albertans, especially populations who have not taken advantage of health services in the past.

- Enhancements were made to the Alberta Waitlist Registry, providing management and trend reporting features, making the registry more functional. Data from the registry was also consistently used to monitor the performance of regional health authorities, for inter-provincial comparisons, as well as federal benchmark comparisons.
- The government made a significant $2.26 billion commitment to additional capital investment in health infrastructure in 2005/2006. This will allow us to continue to preserve and expand our infrastructure to improve access to health services. The current provincial Capital Plan will provide for nearly 2,200 additional acute care beds at various hospitals throughout the province

over the next ten years as well as targeted growth in capacity in areas such as surgical, diagnostic, ambulatory and emergency care.

- In Edmonton, the new Mazankowski Alberta Heart Institute and Edmonton Clinic will enhance treatment options available to Albertans and advance priority research and innovation initiatives for both Capital Health and the University of Alberta. At the Royal Alexandra Hospital, construction of the new Robbins Pavilion is well underway. In Calgary, the new Children's Hospital and South Calgary Health Campus will respond to the unprecedented growth in population in the Calgary health region.
- There are currently 26 Alternate Relationship Plans (ARPs) that are implemented and in operation in Alberta. Many of these ARPs have provided increased access to their target population. Health service delivery in such areas as Shared Mental Health Care, Shared Care Maternity and Paediatric Anesthesia Pain Services are just a few programs that offer innovative avenues of access.
- On December 12, 2005, Alberta, along with all the territories and provinces, announced wait time benchmarks agreed to as part of the 10-Year Plan to Strengthen Health Care, which was reached by First Ministers in September 2004.
- The *Access Standards Gating Framework* was developed as a tool to assist selected health service areas to progressively address the reduction of wait times. This is accomplished through standards development, pilot testing and implementation in six service areas: cardiac; children's mental health; MRI/CT scans; breast and prostate cancer; hip and knee replacements and vision restoration. The implementation is at varying phases for each service.

Cardiac Services:

- Wait time goals for coronary artery bypass graft (CABG) and angioplasty have been established. Patients face waits at all points along the care continuum. From seeking relief of initial symptoms to treatment and rehabilitation. It is recognized that improvements in access must consider the entire patient journey. The Cardiac Services committee is consulting with a broad range of health care providers from across the province to develop a three-year plan aimed at improving access along the full patient care path.

Children's Mental Health Services:

- Alberta is the first province to state that it will set wait time standards for children's mental health services and begin tracking wait times. Drafting of wait time standards has begun. Setting wait time standards will benefit Alberta's children by ensuring that the wait times are safe for them and their families, that health regions are providing care in an efficient manner and that all children needing mental health services have equitable access.

MRI/CT Scans:

- In consultation with experts, wait-time-goals for distinct urgency levels have been established. Prioritization tools to determine the level of urgency were developed and implemented province wide.

Cancer Services:

- Breast Cancer: an expert panel of Albertans, including physicians, health authority representatives and other stakeholders has identified provincial wait time goals for breast cancer services. Goals were identified for each stage throughout the patient journey. The goals match with, the benchmarks for radiation therapy cancer treatment agreed upon by the provinces and territories and announced in December 2005. A multidisciplinary team, lead by Capital Health and the Alberta Cancer Board, is planning a demonstration project to test the new care path beginning in the fall of 2006. The new care path will shorten the wait time for breast cancer services from as long as eight months to a maximum of 12 weeks. Patient navigation services will be available to ensure patients move smoothly through the care path.

- Prostate Cancer: an expert panel of Albertans, including physicians, health authority representatives and other stakeholders are developing provincial wait time goals for prostate cancer services. Goals were identified for each stage throughout the patient journey. A multidisciplinary team in Calgary, which includes urologists from the Prostate Cancer Rapid Access Clinic, is working with an expert panel to develop and test the new care path following the approval of the provincial goals. The prostate Cancer Rapid Access Clinic has decreased wait times for specialist consultation from several months to between two and three weeks through system redesign.
- The Alberta Hip and Knee Joint Replacement pilot project was launched in April 2005. It tested a new care pathway for providing better access to hip and knee joint replacement surgeries, and for improving the delivery of orthopaedic care. Capital Health, the Calgary Health Region and the David Thompson Health Region participated in the pilot along with the Alberta Medical Association, the Alberta Orthopaedic Society and the Alberta Bone and Joint Health Institute. Interim findings showed: decreased wait time for first orthopaedic consult; decreased wait time between first orthopaedic consult and surgery; decreased length of stay in hospital; and improved satisfaction with the care provided among surveyed patients and physicians.

Vision Restoration:

- A group of experts was assembled and is working to establish acceptable wait times goals for cataract surgery in Alberta using the Provincial/territorial benchmarks as a starting point.

Work with the Alberta Mental Health Board, Regional Health Authorities (RHAs) and other partners to support their community-based implementation of the Provincial Mental Health Plan.

- Alberta mental health services were expanded, through funding from the three-year Mental Health Innovation Fund, with the approval of 36 new projects ranging from outreach programs to day treatment and crisis intervention services. The projects will provide a variety of services across the province, including a seniors' mental health outreach service in the Chinook Health Region, a program to address mental health services for high needs children and their families in the Calgary Health Region, a day treatment and learning centre for youth in the David Thompson Health Region, and crisis intervention services in rural and aboriginal communities. Each regional health authority developed a regional mental health plan aligned with the Provincial Mental Health Plan following consultations with mental health organizations, local care providers and community partners.

- The Alberta Mental Health Board received $5.6 million for two justice related mental health programs. The Provincial Family Violence Treatment Program provides mandated assessment and treatment services for perpetrators of family violence, and the Provincial Diversion Program redirects individuals with mental illness who have committed low risk offences from the criminal justice system into appropriate mental health services.

Provide leadership on federal/provincial/territorial work to manage the growing cost of pharmaceuticals including the protection of Albertans from catastrophic drug costs.

- Alberta was an active participant in and significantly contributed to the *National Pharmaceuticals Strategy* as part of an integrated, comprehensive and collaborative approach to pharmaceuticals in Canada, including the ongoing development of options for catastrophic pharmaceutical coverage.
- Access to drug coverage for eligible children with Multiple Sclerosis and Crohn's Disease was provided through Province Wide Services.
- The number of Albertans covered by government sponsored prescription drug programs (Non-Group Coverage) increased by 3.4 per cent from 2003/2004 to 2004/2005.
- Alberta conducted a comprehensive, evidence-based review of the benefit status for antibiotic therapies on the Alberta Health and Wellness Drug Benefit List. The listing status of several products was updated and a new Optional Special Authorization policy was implemented to encourage optimal utilization and prevent antimicrobial resistance for the quinolone antibiotics.

Key Performance Measures and Results

MEASURE 3.A

Waiting Times

Wait times for health services are one measure of how well the health system is doing. Patients whose needs are very urgent will receive immediate service, while patients with less urgent needs are placed on waiting lists. The Alberta Waitlist Registry displays current wait time information for a variety of services, excluding emergent patients. Patients have the opportunity to view wait times by facility and physician prior to scheduling an appointment. This allows them to be more informed on how long they can expect to wait for their procedure. The Alberta Wait List Registry can be found at **www.health.gov.ab.ca**.

The ministry is working with health service providers and the regional health authorities to develop and implement wait time goals and targets for selected health services. The work includes wait time standards, guidelines for determining urgency and the development of management processes to ensure Albertans have timely access to these services.

Hip and Knee Replacement Surgery

The aging population combined with people with a more active lifestyle has increased the demand for hip and knee joint replacement surgery. The Alberta Hip and Knee Joint Replacement Pilot Project, launched in April 2005 in the Capital, Calgary, and David Thompson health regions followed 1,200 patients through a newly designed patient flow process intended to improve the way orthopaedic care is delivered.

The findings of the project's interim evaluation report, released in December 2005, revealed a significant reduction in average wait times for hip and knee surgeries. Patients have reported improved outcomes as well as satisfaction with the assessment clinic and their hospital experience. The final evaluation of the pilot will be submitted in June 2006, before the new care process is expanded across the province.

The number of persons waiting for hip replacement surgery and the 90th percentile wait time has decreased from March 2005 to March 2006. The number of elective hip replacement surgeries has increased from 2004/2005 fiscal year to the 2005/2006 fiscal year.

Hip Replacement Surgery

	March 2005*	June 2005	September 2005	December 2005	March 2006	Target 2005
Total number waiting	1,898	1,917	1,901	1,950	1,793	-
50th percentile wait time in weeks	19.9	19.4	18.3	16.9	16.3	-
90th percentile wait time in weeks	58.9	53.7	54.6	51.6	47.7	50
Number of surgeries done	238	267	252	178	237	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.
Total number waiting is the number of people waiting on the last day of the month stated.
50th percentile means that 50 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
90th percentile means that 90 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
Number of surgeries done is the number of elective surgeries performed in the month stated.
* Data is restated from 2004/2005 annual report as the Alberta Waitlist Registry is a dynamic database. The 2004/2005 data was as of April 22, 2005 and the 2005/2006 data is as of June 22, 2006.

The number of persons waiting for knee replacement surgery and the 90th percentile wait time has decreased from March 2005 to March 2006. The number of elective knee replacement surgeries completed has increased from the 2004/2005 fiscal year to the 2005/2006 fiscal year.

Knee Replacement Surgery

	March 2005	June 2005	September 2005	December 2005	March 2006	Target 2005
Total number waiting	3,605	3,670	3,792	3,856	3,462	-
50th percentile wait time in weeks	25.1	25.1	24.4	24.1	22.9	-
90th percentile wait time in weeks	64.6	66.9	63.9	60.0	59.7	50
Number of surgeries done	324	372	351	279	415	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.
Total number waiting is the number of people waiting on the last day of the month stated.
50th percentile means that 50 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
90th percentile means that 90 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
Number of surgeries done is the number of elective surgeries performed in the month stated.

Heart Surgery

The most common open-heart surgery in adults is the coronary artery bypass graft (CABG) procedure. This is done to improve blood flow to the heart muscle, and is usually performed on middle-aged or older adults when their arteries have become blocked. It is a specialized service provided by the Capital and Calgary health regions for all Albertans. Patients needing emergency heart surgery receive it within hours. Changes in treatment methodology have resulted in fewer people requiring CABG; many more patients are now undergoing angioplasty, which is a less invasive procedure.

The ministry is working with physicians, administrators and other experts in the health regions to redesign services to improve efficiency. Projects are planned or are underway to test new ways to deliver service and to ensure safety and efficiency. The new Mazankowski Alberta Heart Institute is scheduled to open in Edmonton in 2007. This facility will provide more resources for cardiac care, including cardiac surgery, research and education.

Heart Surgery (Coronary Artery Bypass Graft)

	March 2005*	June 2005	September 2005	December 2005	March 2006	Target 2005
Total number waiting	133	133	174	187	176	-
50th percentile wait time in weeks	1.0	1.9	2.4	3.9	3.0	-
90th percentile wait time in weeks	10.4	8.9	10.9	13.7	15.0	8
Number of surgeries done	125	89	77	70	79	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.

Total number waiting is the number of people waiting on the last day of the month stated.

50th percentile means that 50 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.

90th percentile means that 90 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.

Number of surgeries done is the number of elective surgeries performed in the month stated.

* Data is restated from 2004/2005 annual report as the Alberta Waitlist Registry is a dynamic database. The 2004/2005 data was as of April 22, 2005 and the 2005/2006 data is as of June 22, 2006.

Magnetic Resonance Imaging (MRI)

Magnetic Resonance Imaging (MRI) is an emerging technology and as its utility increases, so does its demand. To assist in managing waiting lists, an out-patient prioritization tool was developed in partnership with radiologists and regional health authorities and implemented across the province. Radiologists apply the tool to determine how urgently an MRI scan is required. The wait times by urgency are currently charted on the Alberta Waitlist Registry and can assist in determining whether wait time targets are being met.

Patients needing emergency MRI scans receive them within hours. Despite the increased demand for MRI services, the 90th percentile wait times for non-emergent scans decreased over the past fiscal year while the number of scans completed increased. This trend further demonstrates the commitment and collaboration between Alberta Health and Wellness, the regional health authorities, and physicians towards improving access to MRI services.

Magnetic Resonance Imaging (MRI)

	March 2005*	June 2005	September 2005	December 2005	March 2006	Target 2005
Total number waiting	17,835	17,104	18,260	20,700	23,533	-
50th percentile wait time in weeks	7.1	7.1	9.0	9.0	9.1	-
90th percentile wait time in weeks	20.7	16.7	18.0	18.3	17.6	20
Number of scans completed	7,565	6,256	6,431	6,050	7,799	-

Source: Alberta Health and Wellness, Alberta Waitlist Registry.
Total number waiting is the number of people waiting on the last day of the month stated.
50th percentile means that 50 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
90th percentile means that 90 per cent of patients who received service waited that length of time or less and is calculated using data 90 days prior to the last day of the month stated.
Number of surgeries done is the number of elective MRI scans performed in the month stated.
* Data is restated from 2004/2005 annual report as the Alberta Waitlist Registry is a dynamic database. The 2004/2005 data was as of April 22, 2005 and the 2005/2006 data is as of June 22, 2006.

MEASURE 3.B

Number Waiting for Long-Term Care Facility Placement

Continuing a trend since 2003, the number of persons waiting for long-term care facility placement has declined in 2006. The decrease in number of persons waiting was an improvement, as targeted. As Alberta's population ages, the demand for long-term care placements increases. These results reflect the success of new continuing care models, such as supportive living, which enable more Albertans to find living arrangements suited to their need for care.

Promotion of options for continuing care that allow Albertans to "age in place", and implementation of recommendations of the Healthy Aging: New Directions for Care report contributed to the favorable changes in this measure.

Long-Term Care Placement

	2003	2004	2005	2006	Target 2005
Number waiting in an acute care hospital	340	267	268	251	224
Number of urgent cases waiting in the community	457	339	272	265	299

Source: Alberta Health and Wellness. Data provided by regional health authorities. Number waiting is on March 31 of the given year.

MEASURE 3.C

Household Spending on Drugs

The appropriate use of prescription drugs plays an important role in effectively managing chronic conditions. In 2004/2005, the Alberta government spent close to $1 billion on prescription drugs.

Prescription drug costs have been growing at 13 per cent per year on average for the past five years of prescription drugs paid for by provincial, federal and private sources.

Percentage of households spending over five per cent of household income after taxes on prescription drugs

	2001	2002	2003	Target 2005
Percentage of households spending over five per cent of household income after taxes on prescription drugs	2.9	2.5^{E}	2.7^{E}	2.5

Source: Statistics Canada – Survey of Household Spending, 2001 – 2003.

Data are collected from a sample of over 2,000 households from the province of Alberta. Results for the province are accurate within 1 per cent, 19 times out of 20.

E – use with caution, high incidence of variation.

MEASURE 3.D

Health Link Alberta

Health Link Alberta is a 24 hour a day, 7 day a week telephone advice and health information service. Albertans can call from anywhere in the province by dialing: Calgary (403) 943-5465, Edmonton (780) 408-5465, or Toll-Free 1-866-408-5465. Highly trained registered nurses will provide Albertans with advice and information about their health symptoms and concerns or those a family member may be experiencing. Health Link Alberta can also help residents find appropriate services and health information.

Percentage of Albertans who have used Health Link Alberta

	2006	Target 2005
Percentage of Albertans who have used Health Link Alberta (per cent)	39	27

Source: HQCA Satisfaction with Healthcare Survey, conducted by IPSOS.

Data are collected through a telephone survey of 4,780 randomly selected Alberta households. The survey is commissioned by the HQCA and is conducted IPSOS. Results for the entire sample are accurate within one per cent 19 times out of 20.

Adult Albertans are asked: "Alberta has a province-wide service called "Health Link" which provides Albertans with toll-free access to nurse advice and, general health and services information, 24-hours a day, 7 days a week. Were you aware of the Health Link service before today?" If the respondent answered yes, they were asked "Have you called Health Link within the past year? Yes or no? Sample size is about 3,120 and estimates are accurate within about one per cent 19 times out of 20.

Previous results are not comparable to 2006 result due to a change in survey methodology. 2005 target is also based on previous survey methodology.

Goal

4 Contemporary health workforce.

The future of Alberta's health system depends on a sufficient supply of well-trained health service providers to meet our growing and changing needs. We need to understand the factors that contribute to success in recruitment and retention and the factors that contribute to stress, burnout and early departure from the workforce. It is important to ensure that we are making the most productive use of the time and skills of health professionals and that there are enough health workers to serve the needs of rural and remote areas of the province and for providing culturally appropriate care to Aboriginal communities and ethnically diverse populations.

WHAT WE DID

Lead health system stakeholders in the development and implementation of health workforce plans (e.g., Comprehensive Health Workforce Plan, regional health authority workforce plans, physician resource: plans, *Nursing Education Strategy* and development of Health Workforce Information Network).

- Alberta Health and Wellness worked with health authorities to develop health workforce strategies. Data definitions were established and health authorities are now reporting health workforce information and statistics to help track and assess health workforce needs. A new *Nursing Education Strategy* was also developed to increase the number of nurses trained in Alberta.

Work with key stakeholders on initiatives to provide education and training programs to develop the needed health workforce (e.g., implementation of the Health Care Aide Curriculum).

- Seventy-eight Aboriginal students received bursaries from the Alberta government to advance their studies in a health-related field. The successful increase in the number of Aboriginals developing their skills as health practitioners helped to ensure greater access to, and acceptability of, health services for Aboriginal communities.
- A Provincial Health Care Aide curriculum was developed and released. Five public colleges, five private colleges and 10 employers became signatories to the licensing agreement. Implementation of the new program will positively impact the quality of care provided in the continuing care sector.
- Twenty-three Enhancing Clinical Capacity Project Fund agreements were approved, which provide support for and meet clinical practicum requirements for health sector employers' and post-secondary health disciplines' educational programming.
- Grants to the Community Medicine Residency Training Programs in Alberta were renewed to support the training of future public health physicians. Training rotations at Alberta Health and Wellness were offered to students and medical residents in order to highlight and enhance the important role of public health, enrich training within public health, and improve collaboration between public health and related fields. Evaluations

of the rotations have been extremely positive with an average overall satisfaction rating of 4.75 out of 5 (5 = very satisfied). The trainees noted their knowledge of public health improved by almost 90 per cent as a result of their rotation, and all hope to pursue further work in public health.

Provide leadership to key stakeholders on initiatives to recruit, retain and appropriately compensate the needed health workforce (e.g., Rural Physician Action Plan, Academic and Non-Academic Alternate Relationship Plans, physician on-call programs, Tri-lateral Master Agreement for physician services, Provincial Nominee Program).

- Alberta announced $3 million for the Alberta International Medical Graduate Program allowing for up to 14 additional residency seats for foreign-trained doctors now living in the province. The additional seats mean a potential 42 foreign-trained doctors will be licensed in the province annually. Because they have already had some medical training, foreign-trained doctors can often be trained more quickly and at less cost than a medical student with no previous training.
- A Western Licensed Practical Nurse Project established a common core competency document to enable and facilitate labour mobility of licensed practical nurses across the four Western provinces.

Work collaboratively with regional health authorities, professional organizations and through the Trilateral Master Agreement structure to improve health care through innovations in service delivery and compensation with an emphasis on the development of multidisciplinary teams (e.g., Telehealth, Health Transition Fund projects, Alternate Relationship Plans, Primary Care Initiative).

- The Telehealth Clinical Services Grant Fund helped to support 21 telehealth initiatives across Alberta. The fund is supporting new telehealth programs that allow Albertans, regardless of location, to have access to needed medical professionals and specialists. The programs that received grants covered a broad spectrum of medical fields including adolescent psychiatry, smoking cessation, cardiology, rural health and chronic disease management.
- Alternate Relationship Plans (ARPs), formerly known as Alternate Payment Plan, have an important role to play in health care delivery as they can encourage innovation in the health care system. An ARP offers opportunities for clinical innovation and may enhance the following: (1) Recruitment and retention, (2) Team-based approaches, (3) Access to services, (4) Patient satisfaction, and (5) Value for money. ARPs provide predictable funding that enables physician groups to recruit new physicians to their programs and retain their services. ARPs are unique in that they offer alternatives to the way government has traditionally funded health service delivery. Currently there are 26 ARPs in operation in Alberta.
- Five Academic Alternate Relationship Plans (ARPs) have been established in Edmonton and Calgary. Through innovative funding for alternate service providers Academic ARPs promote multidisciplinary, inter-professional and team-oriented models of care. Academic ARPs recognize the need for the formation and education of front line inter-professional teams to improve health service delivery and compensate alternate service providers' expanded role in the provision of clinical and academic services. Work in rural areas

is encouraged through multi-disciplinary outreach clinics and the use of telehealth for specialty consultations.

- Fourteen Primary Care Networks in seven health regions were established across the province. These networks are open 24 hours a day, 7 days a week, and provide a multidisciplinary approach to primary care to ensure that all the patient needs are met. There are 15 additional Primary Care Networks in various stages of development.
- Alberta Health and Wellness in collaboration with the tri-lateral Primary Care Initiative Committee developed a provincial information management/ information technology strategy for Primary Care Networks.

Optimize efficient utilization of the health workforce by making better use of available competencies and skills of health care practitioners (e.g., Alberta International Medical Graduate program, increased use of nurse practitioners, Provincial Nominee Program).

- All 12 family physician and 10 specialty residency spots were filled for the July 2005 intake of the Alberta International Medical Graduate Program.
- The Provincial Nominee Program filled 81 of the 100 allocations in 2005/2006.

Promote the use of multidisciplinary teams, and incent and enable health care practitioners to work collaboratively (e.g., Local Primary Care Initiatives, Alternative Relationship Plans, Telehealth program, implementation of the *Health Professions Act*).

- As of March 2006, there were 14 Local Primary Care Initiatives, now known as Primary Care Networks, in operation involving approximately 550 family physicians and providing services to more than 700,000 patients. Primary Care Networks use a team approach to coordinate care for their patients. Family physicians work with health regions to better integrate health services by linking to regional services such as home care. Family physicians also work with other health providers such as nurses, dietitians, pharmacists, physiotherapists and mental health workers who help to provide some services within the networks. While the networks are still in the process of implementing their business plans, many of the networks have already used their funding to hire health professionals such as registered nurses, social workers, pharmacists, and dietitians.
- Alberta Health and Wellness is working with the Western Health Information Collaborative initiative and health regions to implement Chronic Disease Management pilot projects which will enable a collaborative and multidisciplinary team approaches to care. These pilot projects demonstrate a more efficient approach to the management of chronic illnesses.

Develop and implement regulations for health care providers under the *Health Professions Act* to enable health care practitioners to work to their full scopes of practice.

- Since May 2005, six additional regulations (for a total of 16) have been completed including regulations governing registered psychiatric nurses, medical radiation and diagnostic technologists, combined laboratory and x-ray technologists, registered nurses, dental assistants, and psychologists. A strategy was developed to further utilize full scopes of practice by the health system.

The common requirements, under the *Health Professions Act*, regarding governance, registration and discipline, provides consistent rules for all regulated health professions to offer safe and competent health services to the public.

- Government introduced Bill 14, the *Health Professions Statutes Amendment Act* 2006, which proposed a number of changes to ensure that legislation better reflects the current realities of the professions it governs. The amendments included: clarification of complaint procedures, application of continuing competence programs and regulation of certain titles in respect to professions.

Increase rural access to health care practitioners and multidisciplinary teams (e.g., Rural Physician Action Plan, Telehealth program, Local Primary Care Initiatives, Rural On-Call program, Rural Locum Program).

- Five Primary Care Networks are helping to improve service access in rural Alberta: Chinook Primary Care Network (Chinook Health Region), Calgary Rural Primary Care Network (Calgary Health Region), Rocky Mountain House Primary Care Network (David Thompson Health Region), Bonnyville/Aspen Primary Care Network (Aspen Health Region), Wood Buffalo Primary Care Network (Northern Lights Health Region).
- The Rural Emergency on Call Program continues to provide remuneration to physicians in 87 rural Alberta communities, to ensure their availability when an urgent need for medical service arises.
- Physician Locum Services provided weekend and short-term family physician and specialist replacements in response to more than 1,100 requests from rural Alberta physicians. Locum physician replacements help to maintain the continuity and convenience of medical service for rural Albertans.
- As part of its comprehensive program to educate, recruit and retain physicians for rural Alberta medical practice, a new program of the Alberta Rural Physician Action Plan offered 10 bursaries to medical students from rural areas of Alberta. The program reimburses tuition costs throughout their medical school training. Up to 10 bursaries will continue to be offered annually to rural Alberta students attending medical school in Alberta in return for a five-year commitment to practice in rural Alberta upon graduation.
- The Alberta Rural Family Medical Network was expanded by 10 entry positions (to 30 entry positions annually) to place more medical residents in rural Alberta, as preparation for rural practice upon graduation.

Key Performance Measures and Results

MEASURE 4.A

Alternate Relationship Plans (ARPs) and Academic Alternate Relationship Plans

ARPs and Academic ARPs offer alternatives to the traditional fee-for-service method of payment and help to achieve the vision of a sustainable, integrated and flexible health care system. Some physicians find the current fee-for-service payment model restrictive. For those physicians, simply being paid differently can enable them to deliver services in a manner better suited to them and their patients. The trilateral parties (Alberta Health and Wellness, regional health authorities and the Alberta Medical Association) have developed ARPs to support physicians in creating innovative approaches to delivering health care. The purpose of an ARP is to provide innovation in clinical service, and may enhance the following five dimensions: recruitment and retention, a team-based approach, access, patient satisfaction, and value for money.

Academic ARPs are agreements between Alberta Health and Wellness, the University, the Faculty of Medicine, the regional health authorities and the Alberta Medical Association. Academic ARPs are alternate funding models designed to improve the clinical and academic qualities of Alberta's health system. The number of physicians participating in ARPs has increased over the last four years; but, it is slightly below the 2006 target of 824.

Number of physicians in Alternate Relationship Plans

	2006	Target 2006
Number of physicians in Alternate Relationship Plans	721*	824

Source: Alberta Health and Wellness, Alternate Relationship Branch, ARP Status Update Database.

*Contains number of physicians in Alternate Relationship Plans (277) as at May 26, 2006 and number of physicians in Academic Alternate Relationship Plans (444) as at March 31, 2006.

MEASURE 4.B

Post-Graduate Medical Education

Expanding the supply of physcians helps to improve access to health services and builds the capacity needed to meet the demands of Alberta's growing and changing population. All post graduate seat numbers are discussed at the Post-Graduate Medical Education Advisory Group for support of the members and respective organizations.

Number of post-graduate medical education seats

	2004/2005*	2005/2006*	Target 2005/2006
Number of post-graduate medical education seats	886	955	955

Source: Post-Graduate Medical Education Advisory Group.

* Number of post-graduate medical education seats funded by Alberta Health and Wellness.

MEASURE 4.C

Health Workforce Practitioners

This information is arrived at by using the totals of selected workforce professions to represent the trend of the health workforce as a whole. Key professions are utilized, namely: physicians, nurses (RNs, LPNs, RPNs), pharmacists, and rehabilitation therapists (OTs, PTs, RTs).

Some workers in Alberta's health system are on work visas and may have to leave when their visas expire. The Provincial Nominee Program grants them permanent citizenship status, which enables them to stay in the country and continue to provide health services. Since the Provincial Nominee Program allows for fast tracking citizenship, it helps to attract health care workers to Alberta. More health care providers will reduce wait times and improve access to health services.

Number of health workforce practitioners

	2001	2002	2003	2004	2005	Target 2006
Number of health workforce practitioners	43,348	44,941	46,501	48,220	49,691	47,868

Source: Alberta Labour Force Statistics, College of Physicians and Surgeons of Alberta (CPSA) Quarterly; Alberta Association of Registered Nurses (AARN), College of Licensed Practical Nurses of Alberta (CLPNA), and Registered Psychiatric Nurses Association of Alberta (RPNAA) Annual Reporting Statistics; Alberta College of Pharmacists Annual Reporting Statistics; College & Association of Respiratory Therapists of AB; College of Occupational Therapists.

MEASURE 4.D

Proportion of Albertans Who Have a Family Doctor

More than eight-in-ten Albertans currently have a personal family doctor. Since 2004, the proportion of Albertans who reported having a family doctor has remained approximately the same.

Fewer physicians are choosing to enter general practice and many of the current family practitioners are not accepting new patients. For those Albertans seeking a family doctor, these circumstances have led to increasing difficulty finding a physician who will accept them as a patient. The Primary Care Initiative is intended to address some of these issues by providing incentives for primary care physicians and health authorities to work in partnership through the establishment of Primary Care Networks to provide comprehensive primary care to a defined population. A multi-disciplinary approach to care, employing primary care physicians and other health professionals should enable physicians and health authorities participating in this to develop strategies for accepting unattached patients (i.e. patients without a family doctor).

Proportion of Albertans who have a family doctor

	2003	2004	2005	2006	Target 2005
Per cent of Albertans who have a family doctor	81	84	-	81	86

Source: 2006 HQCA Satisfaction with Healthcare Survey, conducted by IPSOS.

Data are collected through a telephone survey of 4,780 randomly selected Alberta households. The survey is commissioned by the HQCA and is conducted IPSOS.

Adult Albertans are asked: "Do you currently have a personal family doctor who you regularly see for most of your health care needs? When I say "personal family doctor", I mean a family or general physician, but not a doctor who is a specialist in a certain area of health care, such as a surgeon or heart doctor for example. Yes or no" Sample size is about 4778 and these estimates are accurate within about one per cent 19 times out of 20.

2003-2004, Public Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA).

Data for 2005 is unavailable as no survey was conducted that year.

Goal

5 Improved health service outcomes.

Albertans expect excellent care and positive health outcomes every time they use the health system. The ministry's role is to establish quality standards for safety, accessibility and effectiveness. The ministry not only updates standards, but develops new initiatives in response to technological advances, demographic changes and other factors.

WHAT WE DID

Help Albertans with chronic health conditions (e.g., cancer, diabetes) maintain optimum health through appropriately managed and coordinated care including paid and voluntary support systems and networks.

- Through the Alberta Monitoring for Health Program, approximately 20,000 low income Albertans were provided financial support for diabetes supplies.
- The Keep Your Body in Check program continued in an effort to raise awareness about the most common and preventable form of diabetes in Alberta. The program educated Albertans that healthy eating and regular physical activity are the most important ways to reduce the risk of type 2 diabetes through special education projects in three communities and a province-wide radio and television public awareness campaign. The evaluation of the general media campaign showed that the campaign was successful in raising awareness among Albertans that type 2 diabetes is largely preventable. A general increase in knowledge about diabetes, prevention strategies and sources of information about diabetes were also observed. Participants in the program showed significant improvement in the intensity of their planned activities, and significant changes in eating habits.

Improve quality of continuing care services by: working with RHAs to address staffing issues and by increasing hours of client care in long-term care facilities; and using standardized tools to ensure quality care is provided (e.g., quality indicators, personal care plans).

- In June 2005, Alberta Health and Wellness and Alberta Seniors and Community Supports released draft Continuing Care Health Service and Accommodation Standards for public consultation. An MLA Task Force was formed and conducted consultations on the proposed draft standards. The final set of standards will be issued in early May 2006.
- Alberta Health and Wellness has prepared 10-year projections for the future needs of continuing care services. These projections were shared with health regions. The regional health authorities were asked to develop a plan to meet the continuing care service needs of their regions through the three-year health plan process.
- All regional health authorities are required to submit three-year health plans to the department for approval. The health plans are reviewed for alignment with the department's strategic directions related to continuing care. The health plans included factors, actions and measures linked to the 2005 Auditor General's audit of seniors' services and programs in Alberta, as

well as a plan for implementing the new continuing care health service standards in the 2006/2007 fiscal year and a long term plan based on projections of continuing care services. The health plans were approved by the department prior to March 31, 2006.

- In August 2005, regional health authorities were advised to increase the paid hours for nursing and personal care in continuing care facilities (LTC) from 3.1 to 3.4 hours. By November 2005, all regional health authorities indicated that personal and nursing paid hours had been increased and the 3.4 target was met in January 2006 as requested by the department.

Promote quality standards for health services, such as patient safety.

- Through regulations under the *Health Professions Act*, and by working with professional colleges, standards of practice were established and put in place for dentists, denturists, psychologists, and registered nurses. These standards help protect the safety of Albertans as they receive needed health services.

Strengthen the health system's capacity to prevent, monitor and report medical errors and hospital acquired infections.

- Mandatory reporting of triage levels was implemented for emergency room visits in large urban and regional hospitals. This information is used to provide more effective triage program planning, monitoring, and evaluation.
- Capital Health began a province-wide expansion of the Do Bugs Need Drugs? program, a community education program about the benefits of hand washing to prevent the spread of infections and bacteria, and the wise use of antibiotics. The Healthy U program also developed a hand washing component.

Use information from the Health Quality Council of Alberta to assist in improving performance of Alberta's health system.

- A survey of 4,780 adult Albertans was conducted. The survey was done to determine Albertans' perception of, and experiences with the overall quality of health care services as well as their satisfaction with the health care services they actually received in the province. The results will be released in 2006/2007.
- Consulted and collaborated with key stakeholders in the health system on the *Provincial Framework for Patient Complaints/ Concerns Resolution*. This framework was created to provide practical assistance and direction to regional health authorities, the health boards and the health professions in order to facilitate a consistent approach to the complaints/concerns resolution process throughout the province and across jurisdictions. The framework will be released in 2006/2007.
- Consulted and collaborated with key stakeholders in the health, insurance and legal systems on the *Disclosure of Harm to Patients and Families – Provincial Framework*. When a patient is harmed as a result of health services they have received rather than their inherent medical condition, the goal is to provide the patient and their family with an accurate understanding of what happened in their care. This consensus framework provides direction on how to communicate, who should be involved in that communication, and how to support patient recovery. The framework will be released in 2006/2007.

Initiate public reporting of outcome indicators for the key life-saving interventions of cardiac revascularization, kidney dialysis and transplants.

- Cardiac activity indicators are now available publicly through reports generated by the APPROACH program (**www.approach.org**), and are demonstrating that Alberta has made progress on reducing regional disparities in access to revascularization procedures (i.e. – angioplasties and bypass surgeries) over the past 10 years. Several of these key indicators have been incorporated into ministry accountability documents for 2005/2006.
- Kidney dialysis indicators are collected by the Northern and Southern Alberta Renal Programs, and have been integral to their service planning. Despite the opening of a number of new satellite dialysis centres in 2004/2005 and 2005/2006, small pockets of patients, from remote areas of the province, continue to travel great distances to access this life-sustaining therapy three times a week.
- Challenges persist in obtaining quality, timely transplant outcome data, as much of this data collection is performed nationally by the Canadian Institute for Health Information through their Canadian Organ Replacement Registry project. Many of the desired indicators are available online at **www.cihi.ca** for all of Alberta. Efforts are continuing to access more detailed information so that we can better identify regional differences.

Pilot the transfer of ground ambulance funding and governance in the Palliser and Peace Country Health regions for the purpose of determining whether the transfer province-wide is operationally and fiscally feasible.

- The Ambulance Governance Advisory Council was established to study the full range of potential models for emergency health services in Alberta and to provide recommendations on policy and standards, governance and funding of services.
- Ambulance services in both Palliser and Peace Country Health Regions have been successfully transferred to health authorities. As a result of this service consolidation, Emergency Medical Service clinical protocols have been standardized across both regions. The benefits from this consolidation of service include economies of scale, an expanded scope of practice for Emergency Medical Service practitioners, an increased ability to address systemic issues, and an enhanced ability to monitor and improve the quality of care. This consolidation has also allowed the regions to collaborate on several information technology and benchmarking projects.
- The ministry provided $55 million in funding to the municipalities outside the demonstration regions to help offset some of the costs incurred as a result of suspending the transfer of ground ambulance services to regional health authorities. The funding is based on a per capita formula and municipalities continue to be responsible for ambulance services.

Key Performance Measures and Results

MEASURE 5.A

Ambulatory Care Sensitive Conditions Hospitalization Rates

Patients are sometimes admitted to hospital for conditions that could have been treated in an ambulatory care setting. The hospitalization rate for "ambulatory care sensitive conditions" has improved over the past few years. The decrease in hospitalization may reflect a change in medical practice, but may also reflect better health service delivery at home and in the community.

Ambulatory care sensitive conditions hospitalization rates

	2003	2004	2005	Target 2005/2006
Hospitalization rates per 100,000, age standardized for Ambulatory Care Sensitive Conditions	434	444	430	400

Source: Canadian Institute for Health Information, Hospital Morbidity Database

Age-standardized acute care hospitalization rate for conditions where appropriate ambulatory care prevents or reduces the need for admission to hospital, per 100,000 population under age 75 years.

This definition of ACSC is based on the work of Billings et al.

Patients who died before discharge are excluded.

While not all admissions for ACSC are avoidable, it is assumed that appropriate prior ambulatory care could prevent the onset of this type of illness or condition, control an acute episodic illness or condition, or manage a chronic disease or condition. A disproportionately high rate is presumed to reflect problems in obtaining access to primary care.

MEASURE 5.B

30-day Heart Attack Survival Rate for Patients Treated in Hospital

Alberta's 30-day survival rate following a heart attack is relatively high and has remained fairly constant since 1997 but is still below the target of 92 per cent. The relatively high survival rates can be attributed to the quality of care provided by professional staff, supported by advanced diagnostic services and quality hospital care.

30-day heart attack survival rate for patients treated in hospital

	1999 – 2001	2000 – 2002	2001 – 2003	2002 – 2004	Target 2002 – 2005
30-day heart attack survival rate for patients treated in hospital – three-year average data (per cent surviving)	90.4	89.8	90.6	90.7	92

Source: Canadian Institute for Health Information, Hospital Morbidity Database.

30 day Acute Myocardial Infarction (AMI) in-hospital mortality rate: The risk adjusted rate of all causes of in-hospital death occurring within 30 days of first admission to an acute care hospital with a diagnosis of AMI. (Primary ICD-9 or ICD-9-CM diagnosis code of 410 or ICD-10 I21, I22).

MEASURE 5.C

5-Year Cancer Survival Rate

Chronic diseases such as cancer are a leading cause of death in Alberta, and one of the greatest drains on our health care resources. Survival rates for cancer are important not only because they indicate the proportion of people who will be alive at a given point after they have been diagnosed with cancer, but also because they may allow the effectiveness of cancer control programs to be evaluated. The survival rate for breast cancer has slightly increased over the last 10 years, while the survival rate for colorectal cancer has experienced a slight decrease.

5-year cancer survival rate

	1996 – 2001	1997 – 2002	1998 – 2003	Target 2002 – 2007
5-year breast cancer survival rate (Female rate only)	84	84	85	88
5-year colorectal cancer survival rate (male and female rate)	60	57	55	60

Source: Alberta Cancer Board.
5-year cancer survival rate is the per cent of Albertans surviving.

Goal
6 Health system efficiency, effectiveness and innovation.

Albertans place great value on their health system. They expect the health system to provide high quality care and to ensure access to prompt and effective treatment. Alberta's complex health system is challenged by continuous change, rising costs, steady growth and increased public expectations. In order to meet these challenges we must be open to new and better ways of doing things and serving the needs of people. Decisions about care and service delivery must be based on solid research, scientific evidence and proven experience. Health system innovation can only be achieved in collaboration with stakeholders and the Alberta public, through an effective coordination of efforts and clear, timely communication.

WHAT WE DID

System Management

Continue to enhance and clarify the accountability relationships within the health system as public expectations evolve (e.g., Tri-lateral Master Agreement, regional health authority health plans, long-term care and surgical services contracts).

- In July 2005, to enhance financial accountability, the ministry completed the first phase of a project to consolidate, on a trial basis, the health authorities 2004/2005 financial statements into those of the ministry and the Government of Alberta. The ministry also proceeded with the next phase of the project by consolidating on a modified equity basis the net assets and the net operating results of the health authorities for 2005/2006. These results are reflected in the Government of Alberta's financial statements only. Note 2(a) of the ministry's financial statements discloses the impact on its financial results had the consolidation occurred at the ministry level. For 2006/2007, consolidation will proceed, on a modified equity basis, at the ministry level with full consolidation starting in the 2008/2009 reporting period. The ministry will work closely with these reporting entities to assess full consolidation readiness.
- In keeping with the MLA Task Force on Senior's Care and Auditor General's recommendation, Alberta Health and Wellness is working with Alberta Seniors and Community Supports to collect sufficient information about facility costs from regional health authorities and continuing care facilities to make accommodation rate and funding decisions.
- In 2005/2006, Capital Health amended existing contracts for two providers of insured ophthalmology surgical services and nine providers of oral surgery. Capital Health has contracts with 13 private facilities for the following services: oral surgery, plastic surgery, dermatology, gynecology, and ophthalmology (cataracts). In 2005/2006, the Calgary Health Region did not renew contracts for one private provider for insured plastic surgery services and one provider for ear/nose/throat and hernia insured surgical services. Calgary Health Region has contracts with 13 private facilities for the following services: oral surgery, ophthalmology (cataracts), gynecology and orthopedics

(hips and knees). These contracts result in decreased wait lists and provide increased operating room capacity.

- The execution of the Tri-Lateral Master Agreement, in collaboration with the Alberta Medical Association and Regional Health Authorities is ongoing.

Lead the development of a policy framework and collaborate with health authorities and professional organizations on the development of a planning framework for the health system.

- On February 28, 2006, government released Alberta's new *Health Policy Framework*, which set the stage for sustainable, flexible and accessible health services for Albertans. The framework took into account the many factors that impact the public health care system, such as the rising cost of pharmaceuticals; the need to keep up with rapidly changing technology; and the fact that Alberta's population is aging and growing like never before. Stakeholder and public consultations occurred during March 2006, and a consultation report will be released in April 2006. The consultations revealed that Albertans were supportive of eight of the original 10 policy directions. As such, the *Health Policy Framework* will be revised.
- On August 30, 2005 Alberta Health and Wellness issued a Request for Proposals for a study of alternative methods of funding for prescriptions drugs, continuing care, non-emergency health care and supplemental health products and services. Aon Consulting was contracted in October 2005 to conduct economic and actuarial analyses and to develop conceptual insurance models in these four areas. The *Health Benefit Design Options Report* was completed; it will be released in April 2006 and posted on the Alberta Health and Wellness website at **www.health.gov.ab.ca**. There were several key findings in the report, one of which is that regardless of the type of funding model, health services in the four key areas are rising at unsustainable rates. The report also found that insurance may only be part of the sustainability solution, as any new funding model must be accompanied by strong cost control measures.

Provide leadership among stakeholders in ensuring data quality.

- Worked with Primary Care Networks to enhance the data quality of their business plans and operating reports. Management reports were also provided to the Primary Care Networks and the regional health authorities to ensure quality and efficiency in their data reporting requirements.
- A provincial data quality improvement strategy was developed which included the development of a data quality framework and assessment approach for adoption by regional health authorities.

Work with key partners and stakeholders to enable Alberta's interests to be forefront in collaborative federal-provincial initiatives.

- Numerous intergovernmental contracts and agreements were processed, with Alberta being the lead in most cases. This included the Canada Health Infoway master services agreement, Memorandum of Agreement delivery of telehealth infrastructure and services to First Nations, the Western Health Information Collaborative Amending agreement, enhanced surveillance of Canadian street youth, the *Alberta – British Columbia National Pharmaceutical Strategy* data sharing agreement, and the Alberta – Prince Edward Island Healthy Eating and Active Living copyright agreement.

- Alberta continued to lead on key deliverables of the *National Pharmaceutical Strategy*, including initiatives on Expensive Drugs for Rare Diseases (Fabry and Hurler-Scheie), and Catastrophic Drug Coverage. An interim progress report was presented at the conference of Federal/Provincial/Territorial Ministers of Health in October 2005 with a further update at the December 2005 Deputy Ministers' conference.
- In collaboration with Provincial and Territorial Ministers of Health, and in fulfilling commitments made by First Ministers in the 10-Year Plan to Strengthen Health Care in September 2004, national wait time benchmarks were established for radiation therapy, hip fracture fixation, hip and knee replacements, cataract surgery, and breast and cervical cancer screening. The benchmarks contained in the announcement aligned with Alberta's priority areas for improving access to health services.

Organize an International Symposium on Health to profile best practices and innovative examples, which will allow for informed dialogue on health innovation.

- From May 3 to 5, 2005, government successfully hosted Alberta's International Symposium on Health. The event featured over 400 participants and 28 experts from around the world. Its goal was to identify innovations that drive excellent health systems and healthier population. The Symposium proceedings were webcast live and recorded on the Alberta Health and Wellness website. Following the symposium, focus discussion tables were held with stakeholders and regional health authority boards to discuss what was learned, and helped pave the way for the July 12, 2005 release of the Getting on with Better Health Care package. As well, the Conference Board of Canada was commissioned to prepare a final report on the symposium proceedings. This report, entitled *Unleashing Innovation in Health Systems: Alberta's Symposium on Health*, was released on September 28, 2005.

Lead the Health Innovation and Wellness Cross-Ministry Initiative, which strengthens collaboration, integration and coordination across government ministries to enhance the sustainability of the public health system.

- The Health Innovation and Wellness Initiative (HIWI) was a cross-ministry initiative that demonstrated the government's commitment to sustaining a publicly funded health care system that meets the needs of Albertans now, and into the future. Overall 10 ministries collaborated to achieve 17 different targets, which allowed the Alberta government to focus its resources on policies and strategies to improve health outcomes for Albertans. The targets included strategies to reduce chronic disease and injury, protect public health from emerging threats such as crystal methamphetamine addictions and pandemic influenza, enhanced continuing care services, and included policy options for health system innovation.

Continue to implement health information technology to give clinicians drug, lab and diagnostic imaging data so they can provide quality patient care.

- The availability of lab tests on Alberta Netcare continues to be enhanced. More than 55 per cent of lab test results conducted in the province were available electronically with 85 per cent expected to be available in the coming year. Alberta's pharmacists were also able to access lab test results for the first time, enabling them to provide more comprehensive advice to their clients about their prescriptions and over-the-counter medications.

Change the majority of Alberta's diagnostic imaging services and equipment to filmless technologies to enable earlier diagnosis and reduce unnecessary duplication of diagnostic imaging procedures.

- The Alberta government and Canada Health Infoway will invest $189 million, over four years, to digitize X-rays and CT and MRI scans across the province to improve quality of care for Albertans by providing doctors and patients faster access to reports and images. The project allowed for sophisticated new diagnostic imaging systems to be installed in hospitals and clinics throughout Alberta to electronically share patient X-rays and CT and MRI scans through Alberta Netcare. Regional business plans have been submitted and a funding model has been developed.

Implement the following systems: electronic systems within regions and physicians' offices to provide patient information to physicians at the point-of-care; electronic tracking and referral and patient tracking systems to streamline access to selected specialty services; and improve system access and security to minimize fraud and better identify eligible health service recipients.

- Alberta invested an additional $157.5 million in the Alberta Netcare system to support province-wide technology enhancements and connect more health professionals to the patient information they need to make the best care decisions. The additional funding also helped support the health regions in acquiring new hardware for provincial systems and software to update systems such as inpatient and ambulatory care health information systems.
- The number of health regions, physician offices and pharmacies with access to Alberta Netcare was increased. A total of 1,193 physicians and 1,144 physician office staff, as well as 1,440 pharmacies now have access to Alberta Netcare. In total, Alberta Netcare has been expanded to 8,864 cumulative users in Alberta.
- Work has commenced and is ongoing in collaborating with Alberta Netcare and the regional health authorities on developing key cornerstone applications for the electronic health record system. In particular, work on a Provincial Client Registry to provide key identity information, a Delivery Site Registry to register all locations where services are provided, and a Provider Registry to list all the health care providers supplying service in Alberta is going forth and will continue into 2006/2007.
- An additional 402 smaller Alberta communities and health facilities were connected to Alberta Netcare using SuperNet as the network. Ninety percent of the original target sites have SuperNet installations.

Improve processes to decide whether to publicly fund new health care technologies and drugs.

- New grant agreements with the Institute of Health Economics (IHE), the University of Alberta, and the University of Calgary have increased provincial capacity for technology assessment, economic evaluation, and policy analysis.

- A review of laparoscopic adjustable gastric banding (Lap Banding) for the treatment of severe morbid obesity was completed. Based on the evaluation results, the approach to reviewing health services and technologies was refined.
- Reviews of five additional health technologies are nearing completion. They are: 1) Rapid Fetal Fibronectin Assay for Management of Suspected Premature Labour, 2) Imaged Guided Vacuum Assisted Breast Biopsy, 3) New-born Screening for Inborn Errors of Metabolism, 4) New-born Screening for Cystic Fibrosis, and 5) Gastric Electrical Stimulation (Enterra™ Therapy)
- Presentations on the Alberta model for linking evidence to policy attracted interest at the Canadian Agency for Drugs and Technologies in Health (CADTH) inaugural Symposium and at the Health Technology Assessment International meeting.
- Thirty-two health technologies or services have been referred to the Alberta Advisory Committee on Health Technologies for consideration. The Committee has recommended that full provincial reviews be completed on 12 technologies and has referred five others to either the Alberta Heritage Foundation for Medical Research or the Canadian Agency for Drugs and Technologies in Health for follow up.

Human Resource: Management

Enhance the quality of the work environment and support the organization's ability to attract and retain employees.

- An internship program directed at bringing individuals into the department within two years of graduation from a post-secondary institution and providing them with appropriate experiences and development to retain them at the end of the internship term was developed and implemented.
- Resources and tools to support employee orientation were made available and reinforced with supervisors during the hiring process.
- Corporate Employee Survey results were communicated to all employees and activities directed at enhancing the work environment were undertaken at the department, branch and division level. Discussion and plans aimed at enhancing employee engagement were generated through a range of department groups including Executive Committee, Divisional Directors Teams, the Supervisors' Network, Human Resources Advisory Group, and divisional groups such as the SPIRIT committee. Activities were also included in operational plans.

Build capacity within the organization to support the achievement of current and future business plan goals.

- A learning and development program designed to enhance coaching skills of supervisors across the department was delivered to over fifty supervisors.
- Two department management meetings were held focusing on relevant business issues and providing an opportunity for managers to interact with the deputy minister and other members of the executive committee.
- Executive committee laid the foundation for a strategy to develop leadership capacity by identifying leadership expectations at key organizational levels.

Enhance the ministry's performance through effective performance management and supervisory relationships.

- A performance management process which focuses on people as well as business results and includes learning development planning was implemented and training was provided to employees across the ministry.
- A supervisors' network was established to provide a forum for all department supervisors to build skills and share ideas. Monthly meetings were initiated.

Promote workplace health within the organization.

- A flexible work arrangement policy was implemented in the organization and the process of revitalizing the Work Place Health Action Team and the Ergonomics Team was initiated.

Key Performance Measures and Results

MEASURE 6.A

Public rating of health system overall

Albertans' perception of the health system is reflected in survey ratings of the health system. Ratings include perception about the quality of care, service accessibility, the manner in which the service was provided, and the patient-provider relationship.

Over the past few years, Albertans' overall rating of the health system has remained constant. Since 2003, the rating has been at or above the target. The ministry is working on health care strategies to ensure steady improvement.

Public rating of health system overall

	2002	2003	2004	2005	2006	Target 2005
Per cent rating the health care system overall as either "excellent" or "good"	62	65	65	67	65	65

Source: 2006 HQCA Satisfaction with Healthcare Survey, conducted by IPSOS.
Data are collected through a telephone survey of 4,780 randomly selected Alberta households. The survey is commissioned by the HQCA and is conducted IPSOS.
Adult Albertans are asked: "Thinking broadly about Alberta's health care system and the quality of medical services it provides, how would you describe it overall? Excellent, Good, Fair, or Poor" Sample size is about 4744 and these estimates are accurate within about one per cent 19 times out of 20.
2002 – 2005, Public Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory, University of Alberta, for the Health Quality Council of Alberta (HQCA)

Measure 6.B

Electronic Health Record

Alberta Netcare is in the rollout stage of a clinical health information network that links community physicians, pharmacists, hospitals, and other authorized health care professionals across the province. It lets these health care practitioners see and update health information such as a patient's allergies, prescriptions, and lab tests. The first phase of deploying the new Alberta Netcare Portal will include a migration of current users to the new portal. Over the past year thousands of health care providers have begun accessing the electronic health record, however, the number is below the 2005 target of 10,000.

Number of care providers accessing the Electronic Health Record

	2004	2005	Target 2005
Number of care providers accessing the Electronic Health Record	1,600	8,980	10,000

Source: Alberta Wellnet.
Note: The Auditor General was not able to complete auditing procedures on this measure prior to publication of the 2005/2006 annual report. Audited information will be posted on www.health.gov.ab.ca when complete.

Measure 6.C

Access to Data

A new Data Access Model was stimulated by feedback from and in consultation with research individuals and organizations and implemented in October 2004. The new model aimed to: (1) build stronger, mutually beneficial, collaborative relationships with health services researchers/data requesters; and (2) build improved capacity in the health research community to use and understand Alberta Health and Wellness administrative health services data.

The manager of Research Knowledge Programs now receives all data requests through health.resdata@gov.ab.ca. Requests are reviewed by the Alberta Health and Wellness Research Resource: Team (RRT) who works directly with the requester to identify any unique needs. An initial meeting is coordinated in-person or by teleconference eliminating the need for the requester to complete a lengthy application form. Once the requesters unique needs are identified either the Health Services Research Team or the Research Relations Team meets the data needs of the requester. These teams support continuous improvement and integrate team coaching approaches to continually enhance productivity.

Per cent of stakeholders reporting easy access to data available from Alberta Health and Wellness

	2005/2006	Target 2005/2006
Per cent of stakeholders reporting easy access to data available from Alberta Health and Wellness	81	85

Source: Alberta Health and Wellness, Research and Evidence Branch, New Data Access Model for Health Research Evaluation.
The evaluation was conducted in an online survey (Opinion), n=99 with a response rate of 63%. Overall satisfaction rating was determined by grouping questions directly measurable and relevant to the concept of overall satisfaction of the new data access model and from data requestors who fully experienced the new data access model. Thus, the overall satisfaction rate was gleaned from those who requested and received data from Alberta Health and Wellness (AHW) between November 2004 and November 2005 (n=13).

Integrated Results Analysis

This section of the report provides a discussion of how all the various results and accomplishments link together for a more complete picture of the health system in 2005/2006. The following is a discussion of what was achieved with the resources consumed. It puts individual financial results, performance measures and achievements into an overall health system context.

The $9.2 billion expended by the ministry was $221 million higher than the authorized budget. During the year, additional funding of $238.5 million was provided to the ministry for Alberta Netcare ($116 million), health capital infrastructure projects ($64.6 million), implementation of continuing care initiatives ($26.3 million), access and wait time projects ($27 million) and for diagnostic/medical equipment purchases for health authorities ($4.6 million).

The following table summarizes the year's expenditures in relation to the budget allocation for each core business. The resultant variances and other factors affecting performance are discussed in relation to each core business area.

Core Business (in thousands)
Unaudited

	Budget 2005/2006	Actual 2005/2006	Actual 2004/2005 (comparable)
1. Advocate and educate for healthy living.	196,239	195,780	186,611
2. Provide quality health and wellness services.	8,603,513	8,621,305	7,917,689
3. Lead and participate in continuous improvement in the health system.	177,174	381,045	182,027
	8,976,926	**9,198,130**	**8,286,327**

Core Business 1

This core business advocates and educates for healthy living and includes goals 1 and 2 of the ministry business plan for 2005 to 2008. The core business focused on strategies that encourage Albertans to adopt healthy lifestyles and/or protecting Albertans from communicable diseases and other threats to health.

Total spending in this area increased by $9 million over the 2004/2005 fiscal year. This was primarily due to the increased funding provided to the Alberta Alcohol and Drug Abuse Commission that was used for youth detoxification and residential treatment programs and funding provided to the Alberta Mental Health Board for the Family Violence and the Diversion initiatives. The Family Violence initiative assesses and treats victims and perpetrators of family violence and is mandated by the courts. The Diversion initiative redirects individuals with mental illness, in conflict with the law for minor offences, from the criminal justice system to mental health, social and support services.

In addition, funding for this core business was used to support a broad range of programming aimed at addressing lifestyle choices and risk factors affecting overall population health. These program areas include diabetes prevention, tobacco reduction, prevention of sexually transmitted infections, young family wellness and a province-wide Healthy U campaign for active living and healthy eating. Alberta Health and Wellness is closely monitoring the success of these programs and initiatives in changing attitudes and behaviors, while recognizing that such changes may take years to show results and requires the active engagement of communities, employers, and the general public throughout the province. Performance measure results in this area show that the rates of diabetes and sexually transmitted infections are still growing. Therefore, more work needs to be done to educate Albertans about healthy living. Essential strategies for protecting health include comprehensive immunization for childhood diseases and adult vaccination for influenza. Performance measure results, however, show that childhood immunization and adult vaccination are still below the targets.

Actual spending for Core Business 1 was consistent with the original financial plan and showed only a small surplus of $459,000. There was however, some variability in actual spending compared to budget. For example, funding to the Canadian Diabetic Association to provide diabetic supplies to low income Albertans was $5.3 million less than anticipated. However, additional funding of $5 million was provided to Capital Health and the Calgary Health Region in support of the Provincial Laboratories of Public Health.

Core Business 2

This core business provides quality health and wellness services and includes goals 3, 4 and 5 of the ministry business plan for 2005 to 2008. The core business focuses on strategies to improve access to and outcomes of health services, as well as overall improvements in health workforce capacity.

Total spending in Core Business 2 increased by $704 million over the 2004/2005 fiscal year. This reflects an overall increase in health system operating costs, particularly the cost of labour. The year 2005/2006 marks the first year in which Alberta Health and Wellness provided funding for the municipal ambulance program and for Mental Health Innovation. Funding was also provided for health capital projects which were previously funded through Alberta Infrastructure and Transportation.

Spending for Core Business 2 in 2005/2006 was almost $18 million more than budget. Additional expenses were incurred as a result of the following: health capital projects announced in October 2005, implementation of the recommendation of the MLA Task Force on Continuing Care Health Services and Accommodation Standards, implementation of projects to improve access and reduce wait times and for the purchase of medical diagnostic equipment for three rural health regions.

Under-spending was reported in such areas as Non-Group Health Benefits, Allied Health Services, Human Tissue and Blood Services, Air Ambulance Services and Out-of-Province Health Care.

Funds allocated to Core Business 2 were used to improve access to key health services such as joint replacement surgery, cardiac surgery and mental health services. These funds were also used for capital projects and to expand overall system capacity. For example, the number of hip surgeries increased by 23 per cent and knee surgery operations increased by 37 per cent in a single year. This, in turn, led to a decrease in average wait times for these surgical procedures. In addition, the number of non-emergent MRI scans increased by 11 per cent.

Improvements were made to the way health services are organized and delivered in Alberta. For example, 14 Primary Care Networks were established to provide Albertans with access to multidisciplinary front line care, and plans are in place to further increase the number of Primary Care Networks. In addition, a total of 26 Alternate Relationship Plans have been established to provide incentives for physicians to provide more responsive care and participate in training and education activities. Enrolment in training centres for health professionals has been increased overall. As a result, Alberta's health workforce is working at keeping pace with the rising service demands.

Changes in patterns of health service delivery are improving the way health services are utilized. For example, the number of persons admitted to hospitals for conditions which could be treated in the community or ambulatory care clinics has been reduced. For the coming year and beyond, it will be important to support innovative ways of improving the efficiency and effectiveness of service delivery in the interest of improved patient outcomes and long term sustainability.

Core Business 3

This core business leads and participates in continuous improvement in the health system and includes goal 6 of the ministry business plan for 2005 to 2008. This core business focuses on strategies to improve health system efficiency, effectiveness and innovation.

Spending on Core Business 3 in 2005/2006 was $199 million over the 2004/2005 fiscal year due to the introduction of the *Diagnostic Imaging Strategy* and funding for the Alberta Netcare project provided to regional health authorities . As a result of the continuing investment in the electronic health record, more than 55 per cent of lab test results conducted in the province are now available electronically. Alberta's pharmacists are able to access lab test results, enabling them to provide more comprehensive advice to their clients about their prescriptions and over-the-counter medications. Approximately 570,000 Albertans have health information on the system, and the ministry is on track to achieve the goal of having all Albertans on board by 2008.

A major study was carried out to develop conceptual insurance options in four areas: prescription drugs, continuing care, non-emergency health services, and supplemental health services and products. This study, the first of its kind in Canada, projects health costs to 2050. It tells us that the burden of paying for higher health costs will fall on Alberta's young people. A major finding of the report was that costs of health services will continue to rise at a rapid rate regardless of what type of funding model is used.

Alberta must continue to make improvements to the health system and implement new, effective and efficient service delivery models. At the same time new models of care must be accompanied by strong cost control measures to achieve sustainability. Alberta needs to continue to develop our capacity to benefit from innovative research, taking full advantage of ideas and knowledge generated in Alberta.

Looking Ahead

Alberta will continue to build a strong, responsive and accessible health system for the future. It is important to recognize the role that the health system plays in contributing to the economic and social well being of communities throughout the province. In the coming year we will continue to renew our health system by focusing on a number of initiatives that are directed at increasing timely access to health services and enhancing health system sustainability.

Among our top priorities in the coming year will be to address the health, well-being and mental health of children ages 0 to 18 through the *Healthy Kids Alberta Strategy*. Placing priority on improving the wellness of all Alberta children and youth will contribute not only to health system improvement and sustainability but will also have positive implications for other systems such as education. Children and youth are raised by families but they live and grow in neighbourhoods and communities. This strategy will help in creating supportive environments for improving wellness and will focus on a number of beneficiaries including the child, parents/guardians, families, communities, and the organizations or systems in place to support them.

Prescription drug expenditures represent the fastest growing area of spending in the health system. The Government of Alberta spent approximately one billion dollars on drugs in 2004/2005 and based on current growth rates could spend two billion dollars by 2010. Through a centralized management approach, improvements in operational efficiency, overall accountability, access for Albertans without drug coverage, and the ability to negotiate for better drug prices can be achieved. A provincial pharmaceutical strategy will be developed to identify alternative approaches and recommended solutions to growing drug expenditures while improving access, achieving better drug prices, and working towards appropriate drug use. As a result, Albertans can expect a transparent and fair drug benefit program and improved quality of care through needed drug therapy.

The MLA Task Force on Continuing Care Health Service and Accommodation Standards consulted broadly on the quality of health and accommodation services across the continuing care system. In February 2006, the Task Force released the *Achieving Excellence in Continuing Care* report aimed at improving continuing care health and accommodation services.

In May 2006, Alberta Health and Wellness and Alberta Seniors and Community Supports will release the new continuing care health service and accommodation standards. The training funding provided to both departments for the 2006/2007 budget will allow the new and updated standards for continuing care and accommodation services to be implemented. Alberta Health and Wellness will work with regional health authorities and other stakeholders to implement the health service standards through information sharing, training and provision of learning materials to continuing care health service providers.

Compensation models play a large role in determining the way health services are provided. New compensation models must promote the best quality care for patients and be cost effective for the province. Alberta Health and Wellness will begin to develop new compensation models, and continue to promote flexibility in scope of practice for health professionals, as well as advancing regulatory changes under the *Health Professions Act*. Legislation administered by other government departments may interfere with the goal of promoting flexibility in scope of practice for health professionals. The *Health Professions Act* provides a regulatory model for health professions that eliminates exclusive scopes of practice and allows professions to provide services in accordance with their competence which in turn allows for the creation of a more flexible workforce.

Alberta is a leader in economic growth not only in Canada, but in the world. Alberta's impressive economic performance is fueled by a vibrant energy sector, strong business investment, robust consumer spending, rising employment levels and rapid growth in workforce income. While Alberta's economy is expected to continue to create jobs, the labour force growth rate is affected by the aging of the population. The combination of slow labour force expansion and high economic growth is creating tight labour markets in all regions within the province, and increasing competition among industries and employers for workers across a range of skill levels, including low-skilled, entry-level positions. Government is addressing these critical labour challenges with a 10-year strategy (2006 to 2016), entitled *Building and Educating Tomorrow's Workforce*. Alberta Health and Wellness is taking the lead to address health-sector specific shortages, with the overarching framework of the provincial labour strategy – *Building and Educating Tomorrow's Workforce*. The Health Workforce Action Plan: 2006/2007 to 2013/2014 will address shortages in Alberta's health workforce. This plan outlines the comprehensive array of strategies required to address labour force challenges that constrain attainment of the provincial health workforce goal, ensuring an optimal future supply and distribution of appropriately educated and trained practitioners that best meet the populations need for quality health services. Alberta Health and Wellness will develop a joint policy with health authorities and other ministries to increase capacity by attracting, training and retaining health care professionals.

Building a quality health system requires investment. The decisions we make today will have long-term effects on the health system of tomorrow. Nothing is more important than ensuring its sustainability for generations to come. Albertans need to become more actively involved in making decisions and exploring options and choices about their health and health care. Government will continue to invest strategically in health services not only to achieve better health outcomes, but to contribute positively to our economic prosperity.

Challenges and Opportunities

Given Alberta's significant budget surplus, public expectations for government funded services are growing. There are increasing calls for more investment, new infrastructure and expanded or new programs. On the other hand, Albertans still want government to remain fiscally responsible. To meet the needs of Albertans, government must remain committed to continuing the process of health system renewal. Health system performance and sustainability will be enhanced by managing the health system better, promoting life-long health and encouraging innovation.

Managing the Health System Better

Significant shortages in many of the health professions are expected in the coming decade. Stiff competition for workers from other employment sectors will continue to exacerbate this problem. The World Health Organization recently released their *Working Together for Health* report. It indicates that there is an inadequate supply of health care workers around the world. Approximately 70 percent of health system costs are labour costs. While the Government of Alberta is developing a general provincial labour strategy to address the broad issue of labour shortages, the health ministry will implement its Health Workforce Action Plan to specifically address health workforce shortages.

According to surveys, Albertans are generally satisfied with the quality of service they get from the health system. They remain concerned, however, about access. People expect to receive prompt and effective care. Patients who receive more timely care often cost the system less in the long run. Physicians, health authorities and the province are working together to streamline processes, get rid of bottlenecks and speed up access to important health services. A series of pilot projects is underway to test new models of care and provide better value for health dollars spent.

The appropriate use of prescription drugs plays an important role in effectively managing chronic conditions and thereby reducing costs in other parts of the health system. In 2004/2005 the Alberta government spent about $1 billion on prescription drugs. This will increase to $2 billion by 2020. Prescription drug costs are growing at approximately 13 per cent per year. These increases are not sustainable given other health care and social program priorities. Alberta is looking at ways to significantly improve its prescription drug subsidy programs and get a greater return on this investment. We will continue to consolidate existing government drug benefit programs into a unified structure and apply common criteria for determining which drug products will be publicly funded. This consolidation is expected to result in significant cost savings through better prices, better formulary management and better prescribing practices.

Promoting Life-long Health

A sustainable health system's main goal is to keep people as healthy as possible throughout their lives. Life-long health begins in childhood. The health system's role is to help prevent disease as well as treat it. Albertans are facing challenges resulting from lifestyle choices. The number of obese and overweight children is increasing. The prevalence of chronic diseases such as heart disease, type 2 diabetes, chronic lung disease and other respiratory illnesses is also increasing. Additionally, Alberta is seeing an increase in the number of children and youth with special needs and the rates of alcohol and drug use are increasing among adults and youth. These trends are driving up costs in the health system and are affecting families, society and workforce productivity. Education, health services, community support services and infrastructure requirements are also affected.

There is a stark contrast between the cost of preventing injuries and chronic diseases and the cost of treating them. Prevention costs much less. Every dollar spent on prevention can lead to huge savings for the health system. Spending on safety and prevention results in savings in the cost of care and rehabilitation and avoids lost productivity. Health problems that are not addressed in childhood can persist into adulthood and affect learning and social development. Therefore, it makes good sense to designate children's health as one of our top priorities. We need to take action now to improve the health of all children, especially those who are at risk – whether those risks involve violence in their homes, schools or communities; exposure to drugs and alcohol; or unhealthy lifestyles.

Encouraging Innovation

New technologies like telehealth, Alberta Netcare and e-learning can bridge the gaps between rural and urban populations and deliver core services like health care and career training. Technology and science are key to enhancing Alberta's global competitiveness and productivity.

Recent scientific discoveries are driving major developments in bio-technology and health products. Advances in genetic science are already providing better prevention, diagnosis and treatment of diseases such as cancer, diabetes, Alzheimer's and Parkinson's. Science is becoming increasingly multidisciplinary and integrated, leading to new products, processes and opportunities. In addition, Alberta Netcare is essential for moving ahead on a range of initiatives that will lead to better care, better decisions, and better health services for Albertans.

Organization with a Provincial Mandate

Alberta Alcohol and Drug Abuse Commission (AADAC)

MISSION

Making a difference in people's lives by assisting Albertans to achieve freedom from the harmful effects of alcohol, other drugs and gambling.

CORE BUSINESSES, GOALS AND PERFORMANCE MEASURES

AADAC's mission is undertaken through three core businesses: information, prevention and treatment. Programs and services to address the needs of the general population and specific groups are integrated across these core businesses.

AADAC area offices, clinics, institutions and funded services are located in 48 Alberta communities. Individuals and families have access to basic addiction services where they live and work, with more specialized programs available on a regional or provincial basis.

Goal 1 To inform Albertans about alcohol, other drug and gambling issues and AADAC services.

AADAC provides Albertans with current and accurate information on alcohol, other drugs and gambling. Information management and dissemination creates greater awareness of addiction issues and AADAC services, and is required to support the development and delivery of prevention and treatment programming. Information and reSource: materials are available through AADAC offices and clinics, and are accessible on the AADAC website at **www.aadac.com**.

WHAT WE DID

- AADAC launched the *Alberta Drug Strategy: Stronger Together–A Provincial Framework for Action on Alcohol and Other Drug Use*. The *Alberta Drug Strategy* is a comprehensive, collaborative and community-based approach to prevent and reduce harm related to alcohol and other drug use in Alberta.
- In support of the *Alberta Drug Strategy*, AADAC released the Coordinated Alberta Response to Methamphetamine. Efforts to reduce the use of, production of, and harm from this drug were introduced across the province. They included new legislation, enhanced treatment, support for more than 50 community drug coalitions, increased law enforcement activities, education and public awareness projects.
- As part of the *Alberta Tobacco Reduction Strategy*, AADAC developed a Capacity Building and Bylaw Development web page that supports efforts at the local level, helps create partnerships among citizen action groups and encourages communication between community coalitions.
- AADAC developed and implemented a communications plan to inform Albertans about the introduction of the *Smoke-Free Places Act*. This legislation sets a minimum provincial standard for protecting minors from second-hand smoke. The communications plan included print and radio ads, a dedicated website and call centre, and province-wide public information sessions for municipalities and businesses.
- AADAC completed data collection for The Alberta Youth Experience Survey 2005. This province-wide study of junior and senior high students replicates similar research conducted in 2002. Information on gambling and the use of alcohol and other drugs was gathered from more than 4,000 students in 17 Alberta school divisions.
- AADAC hosted the Professional Addictions Conference (PAC 2005). With the theme Insight into Addiction, PAC 2005 provided information on prevention and treatment to almost 600 professionals.

Key Performance Measures and Results

MEASURE 1.A

Percentage of Albertans who are aware of AADAC services

Albertans who are aware of AADAC's information, prevention and treatment services are more informed about where to get information on alcohol, other drugs and problem gambling as well as addiction services.

Awareness of AADAC services

	2002/2003	2003/2004	2004/2005	2005/2006	Target 2005/2006
Percentage of Albertans who are aware of AADAC services	89	89	88	88	90

Source: AADAC Public Opinion Survey (2003); Alberta Survey (2004, 2005, 2006).
For 2005/2006, AADAC contracted the Population Research Laboratory, University of Alberta to ask about awareness of AADAC. Data were collected through telephone interviews of 1,207 randomly selected Albertans aged 18 years and older (response rate = 28.9 per cent). The margin of error for these results is ±2.8 per cent, 19 times out of 20. Respondents were asked: "Prior to me phoning you today, were you aware of the Alberta Alcohol and Drug Abuse Commission, or AADAC?"

MEASURE 1.B

Percentage of women who are aware that alcohol use during pregnancy can lead to lifelong disabilities in a child.

Alcohol consumption during pregnancy can have long term effects on childhood development. Offering information on these effects can reduce the number of children born with fetal alcohol spectrum disorder (FASD).

Awareness of effects of alcohol use during pregnancy

	1999/2000	2003/2004	2004/2005	2005/2006	Target 2005/2006
Percentage of women who are aware that alcohol use during pregnancy can lead to lifelong disabilities in a child	89	99	99	98	99

Source: Environics Research Group, Health Canada (2000); Alberta Survey (2004, 2005, 2006).
For 2005/2006, AADAC contracted the Population Research Laboratory, University of Alberta to ask about awareness of harms associated with alcohol consumption during pregnancy. Data were collected through telephone interviews of 1,207 randomly selected Albertans aged 18 years and older (response rate = 28.9 per cent) that included 604 women. The margin of error for these results is ±2.8 per cent, 19 times out of 20. Respondents were asked: "True or false – alcohol use during pregnancy can lead to life-long disabilities in a child?"

DISCUSSION

In 2005/2006, 88 per cent of Albertans surveyed were aware of AADAC. Ninety-eight per cent of Alberta women surveyed were aware that alcohol use during pregnancy can lead to lifelong disabilities in a child. Results for these two measures were within two per cent of target and indicate that Albertans are informed about the services offered by AADAC and the risk of alcohol consumption during pregnancy.

Goal

2 To prevent the development of and reduce the harm associated with alcohol, other drug and gambling problems.

AADAC provides programs and services to prevent alcohol, other drug and gambling problems, and reduce the harm associated with substance use and problem gambling. Prevention strategies are intended to increase protective factors and reduce risk factors for the population as a whole, and within specific groups.

WHAT WE DID

- AADAC developed and aired two television commercials for the prevention of methamphetamine ("crystal meth") and other drug use in Alberta. The campaign was done in conjunction with the Co-ordinated Alberta Response to Methamphetamine.
- AADAC's President and CEO was appointed to the Premier's Task Force on Crystal Meth, which will oversee the development of a province-wide, holistic strategy to address the harm associated with methamphetamine use.
- As part of the *Alberta Tobacco Reduction Strategy* campaign targeting youth and young adults, AADAC developed two new brochures for the Truth About Tobacco series and revised the manual for the BLAST (Building Leadership for Action in Schools Today) program. In addition, funding was provided to 15 post-secondary institutions, non-government and community organizations for projects that focus on innovative approaches to tobacco reduction for young adults.
- AADAC also provided grant funding to 58 non-profit organizations and agencies to undertake prevention projects that address the unique needs of their community in the areas of alcohol, tobacco, other drugs or gambling.
- In collaboration with the Alberta Gaming and Liquor Commission, AADAC began piloting the Responsible Gambling Information Centre at the Palace Casino in Edmonton. Located within the casino, the centre has an AADAC counsellor available to provide information about gambling and assistance to those concerned about their gambling.

Key Performance Measures and Results

MEASURE 2.A

Prevalence of smoking among Alberta youth

Because most regular smokers start at an early age, activities focusing on youth prevention are key to reducing the number of smokers in Alberta. A decline in the prevalence of smoking by Alberta youth will have positive long term impacts on the health care system.

Smoking among Alberta youth

	2000/2001	2002/2003	2005/2006	Target 2005/2006
Prevalence of smoking among Alberta youth (in per cent)	18	14	11	14

Source: Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003, 2005).
Daily and occasional smoking combined for Albertans 12 – 19 years of age. For 2005, the CCHS includes a sample of Albertans 12 years and older (n = 11,800) with a response rate of 81.5 per cent. The 95 per cent confidence interval for the sample of Albertans 12 to 19 years of age was 8.8 – 12.9 for the reported result.
Excluded from CCHS sampling framework were persons living on Indian reserves or Crown lands; residents of institutions; full-time members of the Canadian Armed Forces and residents of certain remote regions.

MEASURE 2.B

Prevalence of regular, heavy drinking among young Albertans

A pattern of regular, heavy drinking is associated with a higher risk of experiencing alcohol-related harm. Prevention programs targeting young Albertans are intended to reduce acute and chronic problems associated with this pattern of alcohol consumption.

Regular, heavy drinking among young Albertans

	2000/2001	2002/2003	2005/2006	Target 2005/2006
Prevalence of regular heavy drinking among young Albertans (in per cent)	34	31	31	31

Source: Health Surveillance, Alberta Health and Wellness, Statistics Canada: Canadian Community Health Survey (CCHS) (2000/2001, 2003); Statistics Canada: CCHS (2005).
Regular, heavy drinking is defined as the consumption of five or more alcoholic drinks on one occasion, 12 or more times a year for Albertans 15 to 29 years of age. For 2005, the CCHS includes a sample of Albertans 12 years and older (n =11,800) with a response rate of 81.5 per cent. The 95 per cent confidence interval for the sample of Albertans 15 to 29 years of age was 28.3–32.9 for the reported result.
Excluded from CCHS sampling framework were persons living on Indian reserves or Crown lands; residents of institutions; full-time members of the Canadian Armed Forces and residents of certain remote regions.

DISCUSSION

Smoking and heavy drinking among young Albertans have declined since 2001. These declines met or exceeded the targets set by AADAC. Of Albertans who participated in the Canadian Community Health Survey, 11 per cent of those aged 12 to 19 years were current smokers (target 14 per cent) and 31 per cent of those aged 15 to 29 years were regular heavy drinkers (target 33 per cent). Results suggest that prevention activities are having a positive influence on tobacco use and alcohol consumption by young Albertans.

Goal

3 To provide treatment programs and services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems.

AADAC offers a broad continuum of treatment services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems. Treatment is aimed at adults, youth and their families who display significant problems. Services include community-based outpatient counseling, day programs, crisis and detoxification services, short and long term residential treatment, and overnight shelter. Specialized programs are available for youth, women, Aboriginal Albertans, business and industry referrals, and persons with opioid dependency or cocaine addiction.

WHAT WE DID

- AADAC opened 24 new addiction treatment beds to serve youth aged 12 to 17 years. This includes two four-bed detoxification programs and two eight-bed residential programs located in Edmonton and Calgary, enhancing the Commission's existing range of services for youth.
- AADAC provided funding for three additional community addiction treatment programs: The Salvation Army (Calgary), Our House (Edmonton) and Oxford House (Calgary and Edmonton).
- In partnership with the Alberta Lung Association and the Canadian Cancer Society, AADAC launched **www.albertaquits.ca**. This is a free, web-based cessation program designed to assist people who want to quit smoking.
- In consultation with health regions, physicians and other stakeholders, AADAC developed *Building Capacity: A Framework for Serving Albertans Affected by Addiction and Mental Health Issues (2005)*. This framework recognizes that many Albertans have concurrent addiction and mental health problems, and that their complex needs are best addressed through a coordinated case management process.
- AADAC partnered with the Alberta Solicitor General and Public Security and Calgary Health Region to open the Excel Discovery Pilot Program. This is a treatment program for female young offenders sentenced to open custody, and who have been assessed as having coexisting addiction and mental health problems. The Excel program in Calgary parallels the Bridges program in Edmonton, which is for male young offenders.

Key Performance Measures and Results

MEASURE 3.A

Percentage of clients who are satisfied with AADAC treatment services

To increase the probability of success, it is important that treatment programs meet the needs and expectations of clients receiving these services. AADAC surveys clients to assess their level of satisfaction with treatment services received.

Satisfaction with AADAC treatment services

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	Target 2005/2006
Percentage of clients who are satisfied with AADAC treatment services.	95	95	96	95	96	95

Source: AADAC Treatment Follow-up Survey database (2001/2002 – 2004/2005); AADAC Service Tracking and Outcomes Reporting Treatment Follow-up Survey (April 2005–March 2006) and Detox Feedback Survey (April 2005–March 2006).

Client satisfaction was assessed from two sources. Results from both sources were combined and weighted to provide total client satisfaction (n = 9,244).

Service Tracking and Outcomes Reporting Treatment Follow-up Survey (April 2005–March 2006): An independent private research contractor conducted follow-up telephone interviews with treatment clients. Clients entering treatment services who gave consent for follow-up (excluding detoxification) were eligible for telephone interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. A random sample of 7,078 clients was telephoned three months after treatment completion. A total of 2,544 clients were interviewed and asked to rate their level of satisfaction with services received (response rate = 35.9 per cent). The margin of error is ±1.9 per cent, 19 times out of 20.

Detox Feedback Survey: Client satisfaction with detoxification was measured by a self-administered feedback survey given to clients at the end of service. Of the 11,505 client receiving detoxification services, 6,700 surveys were returned (response rate = 58.2 per cent).

MEASURE 3.B

Percentage of clients reporting they were improved following treatment

AADAC offers a continuum of treatment services that address the individual needs of clients. The intended outcome is client abstinence or an improved level of recovery. AADAC measures client improvement following treatment to ensure that programs are effective.

Improvement following AADAC treatment

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	Target 2005/2006
Percentage of clients reporting they were improved following treatment	93	94	93	92	91	93

Source: AADAC Treatment Follow-up Survey database (2001/2002 – 2004/2005); AADAC Service Tracking and Outcomes Reporting Treatment Follow-up Survey (April 2005 – March 2006).

Client improvement was assessed using the same process as in client satisfaction Source: above (measure 3.A). Number of clients interviewed, response rate and margin of error are as above. Clients were interviewed and asked about their level of substance use and gambling. Improvement was indicated if clients were "abstinent" or "improved" three months after treatment.

DISCUSSION

In 2005/2006, the target for client satisfaction with treatment services was exceeded; 96 per cent of clients surveyed reported they were "somewhat satisfied" or "very satisfied" with the treatment services received. The high level of satisfaction suggests treatment programs are meeting client expectations.

In 2005/2006, the target for clients reporting improvement following treatment was not met. However, results are still very positive with 91 per cent of clients surveyed reporting improvement three months after treatment. The change since 2002/2003 may be attributed to increasing complexity of client issues and treatment needs. Results indicate that the intended outcome of abstinence or improved level of recovery continues to be achieved.

Cross-Ministry Initiatives

In support of the Health Innovation and Wellness Initiative, AADAC conducted community consultations regarding the *Alberta Drug Strategy*. In addition, AADAC implemented a pilot project in Lac La Biche to increase the number of at risk women who are referred by physicians to addictions services.

AADAC contributed to the Aboriginal Policy Initiative through Enhanced Services for Women (ESW). Aboriginal women received extensive instruction on the AADAC ESW Help Kit, enabling them to deliver the training to community and health service providers. AADAC also provided funding for 20 Aboriginal projects delivering tobacco prevention, education and cessation programs that focus on the sacred versus recreational use of tobacco.

AADAC continued to support the Alberta Children and Youth Initiative through membership in the Aboriginal Youth Suicide Prevention Strategy Committee. AADAC also co-led the development of the Aboriginal Youth Suicide Prevention Program targeting the northern Alberta communities of Cheteh and Paddle Prairie. AADAC co-chaired the Provincial Steering Committee for Diverse Forces, a provincial family violence conference held in Edmonton, and implemented the addictions component of the Provincial Family Violence Treatment Program.

As part of the Information and Communication Technology Initiative, 34 AADAC sites have been converted to Supernet. Videoconferencing was established at five AADAC locations and intrusion detection software was installed.

Future Challenges

Substance use and gambling problems occur at all levels of society and within communities throughout Alberta. At some point in their lives, many Albertans will experience personal problems related to alcohol, other drugs or gambling. Others will face difficulties because of someone else's addiction.

Demand for AADAC services continues to increase as a result of changing demographics, increased complexity of client issues, growing concerns about the use of new substances and public debate about problems associated with gambling. The Commission will respond to this increased demand by continuing to focus on individuals and families and their needs. The Commission will ensure Albertans have access to a continuum of programs, strategically invest in the extension of services where impact will be greatest (e.g., for youth) and strengthen valued partnership with local, provincial and national stakeholders to increase overall system coordination and capacity.

Changes to Performance Measures Information

New or Changed Key Performance Measures for 2005/2006 Annual Report:

For 2005/2006 several new measures were added to better reflect the new directions and objectives of the Ministry of Alberta Health and Wellness 2005 to 2008 Business Plan. They focus on healthy lifestyles and the sustainability of the health care system.

- Life expectancy at birth – Source: Statistics Canada
- Per cent of low birth weight babies – Source: Alberta Vital Statistics Birth File
- Per cent of Albertans age 12 and over who eat at least 5 to 10 servings of fruit and vegetable each day – Source: Statistics Canada
- Number of new cases of type 2 diabetes per 1,000 population at risk – Source: Alberta Health and Wellness, Health Surveillance
- Age adjusted rate of newly reported HIV cases per 100,000 population – Source: Alberta Health and Wellness, Disease Control and Prevention
- Rates of newly reported sexually transmitted infections (STI) per 100,000 population – Source: Alberta Health and Wellness, Disease Control and Prevention
- Land transport accidents per 100,000 population – Source: Vital Statistics and the Alberta Health Death Registration Database
- Screening rate for breast cancer – will exclude mammograms for diagnostic purposes – Source: Statistics Canada
- Wait times: regional health authority achievement of wait time targets based on clinical urgency – knee replacement surgery – Source: Alberta Waitlist Registry
- Percentage of households spending over 5 per cent of household income after taxes on prescription drugs – Source: Statistics Canada
- Percentage of Albertans who have used Health Link Alberta – Source: HQCA
- Number of physicians in Alternate Relationship Plans – Source: Status Update Database
- Number of post-graduate medical education seats – Source: Post-Graduate Medical Education Advisory Group
- Number of health workforce practitioners – Source: Registration numbers from annual publications from respective professional colleges' registrar, total professionals employed in Alberta from December 2004 Alberta Labour Force Statistics
- 5-year Cancer Survival Rate – Source: Alberta Cancer Board
- Number of care providers accessing the Electronic Health Record – Source: Alberta Health and Wellness, Information Systems Delivery

Key Performance Measures to be discontinued after the 2005/2006 Annual Report:

No measures will be discontinued for the 2006/2007 Annual Report.

New Key Performance Measures for 2006/2007 Annual Report:

For 2006/2007 new measures were added to better reflect the new directions and objectives of the Ministry of Alberta Health and Wellness 2006 to 2009 Business Plan. These measures are better indicators of the success of target health promotion and disease prevention initiatives or are comparable with other provinces and countries.

- Influenza vaccination: per cent who have received the recommended annual influenza (flu) vaccine (Children 6 to 24 months old) – Source: Alberta Health and Wellness, Disease Control and Prevention

Financial Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2006

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Revenues

Schedule 2 - Consolidated Dedicated Revenue Initiatives

Schedule 3 - Consolidated Expenses Directly Incurred Detailed by Object

Schedule 4 - Consolidated Budget

Schedule 5 – Consolidated Related Party Transactions

Schedule 6 – Consolidated Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2006 and the consolidated statements of operations and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 2(a) includes an explanation for and the effects of not consolidating the financial statements of the nine Regional Health Authorities and two Provincial Health Boards controlled by the Ministry as required by public sector accounting standards.

In my opinion, except that the financial statements of the Regional Health Authorities and Provincial Health Boards have not been included as referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 205,291	$ 205,291	$ 209,274
Transfers from the Government of Canada	2,047,325	1,839,057	1,736,615
Premiums and Fees	898,810	922,652	942,579
Other Revenue	71,252	107,553	89,134
	3,222,678	3,074,553	2,977,602
Expenses - Directly Incurred (Note 2c and Schedules 3 and 6)			
Program			
Regional Health Services	5,628,529	5,665,202	5,070,734
Accumulated Deficit Funding	-	-	92,507
Diagnostic/Medical Equipment	49,690	61,790	199,640
Physician Services	1,737,328	1,754,753	1,571,372
Non-Group Health Benefits	629,511	586,546	534,064
Allied Health Services	82,951	74,457	71,464
Protection, Promotion and Prevention	117,560	98,243	109,953
Human Tissue and Blood Services	137,000	118,684	122,330
Provincial Programs	240,708	251,335	191,967
Addiction Prevention and Treatment Services	74,324	77,617	67,455
Ministry Support Services	151,714	152,942	134,885
Information Technology	86,248	243,625	55,877
Infrastructure Support	-	64,630	-
	8,935,563	9,149,824	8,222,248
Statutory (Schedule 3)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	47,047	63,053
Other Write-Offs	-	496	57
	41,363	47,543	63,110
Provision for Vacation Pay	-	763	969
	41,363	48,306	64,079
	8,976,926	9,198,130	8,286,327
Net Operating Results	$ (5,754,248)	$ (6,123,577)	$ (5,308,725)

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2006

(in thousands)

	2006	2005 (Restated - Note 3)
ASSETS		
Cash (Note 4)	$ 21,616	$ 18,780
Accounts Receivable, Loans and Advances (Note 5)	200,263	600,678
Consumable Inventory	11,348	5,974
Tangible Capital Assets (Note 6)	70,089	67,412
	$ 303,316	$ 692,844
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	$ 753,526	$ 483,790
Unearned Revenue (Note 8)	362,316	639,305
	1,115,842	1,123,095
NET LIABILITIES		
Net Liabilities at Beginning of Year	(430,251)	(411,647)
Net Operating Results	(6,123,577)	(5,308,725)
Net Transfer from General Revenues	5,741,302	5,290,121
Net Liabilities at End of Year	(812,526)	(430,251)
	$ 303,316	$ 692,844

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006	2005 (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (6,123,577)	$ (5,308,725)
Non-cash items:		
Amortization of Tangible Capital Assets (Schedule 3)	9,491	7,312
Inventory Consumed	24,687	28,223
Health Care Insurance Premium Revenue Write-offs	47,047	63,053
Other Write-Offs	496	57
Provision for Vacation Pay	763	969
	(6,041,093)	(5,209,111)
Decrease (Increase) in Accounts Receivable	352,846	(501,611)
Increase in Accounts Payable and Accrued Liabilities	268,973	103,239
(Decrease) Increase in Unearned Revenue	(276,938)	348,026
Cash (applied to) Operating Transactions	(5,696,212)	(5,259,457)
Capital Transactions		
Acquisition of Tangible Capital Assets	(12,167)	(17,493)
Acquisition of Consumable Inventory	(30,091)	(28,920)
Transfer of Tangible Capital Assets	-	87
Cash (applied to) Capital Transactions	(42,258)	(46,326)
Investing Transactions		
Loans and advances	4	(3)
Repayment of Loans and advances	-	-
Cash Provided by (applied to) Investing Transactions	4	(3)
Financing Transactions		
Net Transfer from General Revenues	5,741,302	5,290,121
Increase (Decrease) in Cash	$ 2,836	$ (15,665)
Cash, Beginning of Year	18,780	34,445
Cash, End of Year	$ 21,616	$ 18,780

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and sets priorities based on health needs, determines the scope of financial, capital and human resources required, and measures and reports on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity
(in thousands)

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

(in thousands)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to section 1(1)(g) of the *Government Accountability Act*: details on balances are disclosed in notes 5 and 7 and funding to health authorities and provincial boards are included in schedule 6 to the financial statements under the following programs.

Funding to health authorities and provincial boards

• Regional Health Services	$ 5,665,202
• Diagnostic / Medical Equipment	61,790
• Physician Services	92,891
• Allied Health Services	414
• Protection, Promotion and Prevention	53,683
• Ministry Support Services	1,394
• Information Technology	226,133
• Provincial Programs	53,212
• Addiction Prevention and Treatment Services	259
• Infrastructure Support	64,630
	$ 6,219,608

The Public Sector Accounting Board has issued standards that require controlled entities such as the Regional Health Authorities, the Alberta Cancer Board and the Alberta Mental Health Board to be fully consolidated line-by-line. In a transition period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, these controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively.

The Ministry has not yet consolidated the financial statements of these controlled entities. In the transition period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

(in thousands)

The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006. Schedule 9 in those consolidated financial statements show that if the Ministry had included these controlled entities on a modified equity basis, net assets and net operating results would increase by approximately $355,739 and $65,916 respectively for the year ended March 31, 2006. These amounts are based on information from these controlled entities' most recent audited financial statements.

The Ministry's Annual Report for the year ended March 31, 2006 includes summary financial information compiled from the Regional Health Authorities', the Alberta Cancer Board and the Alberta Mental Health Board's audited financial statements for the year ended March 31, 2006.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Transfers from the Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Established Programs Financing entitlements are recorded based on management's estimate of amounts applicable to the fiscal year. Overpayments relating to Canada Health Transfers and other transfers received before revenue recognition criteria have been met are included in accounts payable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(iv) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(v) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

- Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(vi) Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as cash and consumable inventories. Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $5,000 for the Department and Alberta Alcohol and Drug Abuse Commission.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vii) Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

(viii) Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the Ministry and its liabilities.

(ix) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, loan and advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(x) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 11.

(xi) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. The nature of uncertainty, for Canada Health Transfers, can arise from changes in the base allocations which are primarily a result of updated personal and corporate tax information.

The allowance for doubtful accounts, amounting to $129,800 (2005 - $142,592) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $129,800 (2005 - $142,592) as reported in Note 5 to these consolidated financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2006 and past collection patterns. The actual amount collected could vary from that estimated.

The accrual for claims payable to physicians in the amount of $36,438 (2005 - $50,321) is subject to measurement uncertainty. The amount is based on actual payments made subsequent to March 31, 2006 and an estimate for any future payments within the 180 days claim period.

Note 3 Government Restructuring

(in thousands)

As a result of government restructuring (OC104/2005), the responsibility for the Alberta Aids for Daily Living program was transferred from the Ministry of Health and Wellness.

Comparative for 2005 have been restated as if the Ministry had always been assigned its current responsibilities.

Net (liabilities) as previously reported as at March 31, 2004	$	(418,076)
Transfer to Ministry of Seniors and Community Support		6,429
Net (liabilities), as restated at April 1, 2004	$	(411,647)
Net operating results reported March 31, 2005	$	(5,389,388)
Transfer to Ministry of Seniors and Community Support		80,663
Restated net operating results March 31, 2005	$	(5,308,725)

Note 4 Cash

(in thousands)

The cash balance consists of the following:

		2006		2005
Department of Health and Wellness Bank Account	$	11,541	$	7,898
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund		10,064		10,871
Accountable Advances		11		11
	$	21,616	$	18,780

Note 5 Accounts Receivable, Loans and Advances

(in thousands)

	2006			2005
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeabl Value
Accounts receivable	$ 328,956	$ 129,800	$ 199,156	$ 598,885
Amounts due from health authorities and provincial boards	93	-	93	21
Other receivable	1,011	-	1,011	1,765
Loans and advances	3	-	3	7
	$ 330,063	$ 129,800	$ 200,263	$ 600,678

Accounts receivables are unsecured.

Note 6 Tangible Capital Assets

(in thousands)

	2006				2005
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
					(Restated - Note 3)
Systems development					
Work in progress					
Wellnet projects		$ -	$ -	$ -	$ 5,023
Others		2,444	-	2,444	5,191
		2,444	-	2,444	10,214
Computer hardware and software	3-10 years	99,944	33,829	66,115	55,915
Equipment	10 years	1,886	356	1,530	1,283
		101,830	34,185	67,645	57,198
		$ 104,274	$ 34,185	$ 70,089	$ 67,412

Note 7 Accounts Payable and Accrued Liabilities

(in thousands)

	2006	2005 (Restated - Note 3)
Accounts payable	$ 227,613	$ 168,922
Accrued liabilities	193,416	187,426
Amounts due to Health Authorities and Provincial Boards	322,884	118,606
Accrued vacation pay	9,613	8,836
	$ 753,526	$ 483,790

Note 8 Unearned Revenue

(in thousands)

	2006	2005
Changes in unearned revenues are as follows:		
Cash received/receivable during the year:		
Health Care Insurance Premiums	$ 31,661	$ 29,799
Health Services for Persons with Hepatitis C	-	5,300
Third Party Recoveries	37	71
Canada Health Transfer	-	100,494
Wait Times Reduction Transfer	-	429,974
Public Health and Immunization Trust	-	40,200
Institution Fees	34	37
	31,732	605,875
Less amounts recognized as revenue in the year	(308,721)	(257,849)
Increase during the year	(276,989)	348,026
Balance at beginning of year	639,305	291,279
Balance at end of year	$ 362,316	$ 639,305
Balances at end of year are comprised of:		
Canada Health Transfer	$ -	$ 199,873
Health Care Insurance Premiums	31,661	29,799
Health Services for Persons with Hepatitis C	12,495	15,012
Third Party Recoveries	58	41
Public Health and Immunization Trust	13,622	27,189
Wait Times Reduction Transfer	304,446	367,354
Institution Fees	34	37
	$ 362,316	$ 639,305

Note 9 Contractual Obligations

(in thousands)

As at March 31, 2006, the Ministry has the following contractual obligations:

	2006	2005 (Restated)
Specific programs commitments [a]	$ 8,325,370	$ 9,976,251
Capital construction contracts	1,451,259	-
Service contracts	142,338	66,328
Equipment & Vehicles leases	415	234
	$ 9,919,382	$ 10,042,813

[a] Included in 2006 specific programs commitments is an amount of $7,755,000 (2005 restated - $9,213,849) for the provision of insured medical services by physicians under the trilateral agreement signed between the Alberta Medical Association, the Regional Health Authorities and the Ministry of Health and Wellness.

The 2005 specific program commitments were restated from $2,088,751 to $9,976,251 to recognize the commitment in the trilateral agreement until March 31, 2011. Previously, only the commitment to March 31, 2006 was recognized. This restatement does not impact net operating results or net liabilties.

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Specific Programs Commitments	Capital Construction Contracts	Service Contracts	Equipment & Vehicle Leases	Total 2006
2007	1,687,072	$ 276,235	$ 97,070	$ 150	2,060,527
2008	1,618,246	577,251	20,052	121	2,215,670
2009	1,622,734	367,976	12,680	97	2,003,487
2010	1,662,872	98,488	12,501	47	1,773,908
2011	1,702,784	131,309	2	-	1,834,095
Thereafter	31,662	-	33	-	31,695
	$ 8,325,370	$ 1,451,259	$ 142,338	$ 415	$ 9,919,382

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $118,221 (2005 - $122,330). Budgeted expenditure for the 2006 fiscal year is estimated at $131,160.

Note 10 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

At March 31, 2006, the Ministry was named as defendant in thirty-nine specific legal actions (2005- forty specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in twenty-eight specific legal actions approximates $553 million (2005 – twenty-nine specific legal actions approximates $554 million). For the other eleven claims, no specified amount has yet been claimed (2005 - eleven claims have no specified amount); the amount of these claims will be determined at trial.

Thirty-nine of these claims (2005 – Thirty-nine claims) are covered by the Alberta Risk Management Fund with twenty-eight claims amounting to $553 million (2005 – twenty-eight claims amounting to $80 million). Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2006 the unpaid balance of the Ministry's commitment to the financial assistance package was $12,942,143 (2005 - $13,043,265).

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon notification by voluntary hospital owner of termination of the equity agreement. At March 31, 2006, the contingent payout liability upon termination is estimated at $12.8 million (2005 - $14.3 million).

Notifications to terminate certain equity agreements have been received by the Ministry. In 2005-2006, the Ministry expensed $1.8 million (2005 - $7.0 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure and Transportation, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the buildings and equipment at their net book value.

Pension Reform Lawsuit

The Alberta Alcohol and Drug Abuse Commission has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Public Service Pension Plan (PSPP). The claim has been jointly and severally against the Province of Alberta and the employers participating in PSPP. The claim specified an amount of $1,250,000,000.

Note 10 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Other

At March 31, 2006, the Ministry was named as defendant in thirty other legal actions (2005 – twenty-five legal actions). Twenty-eight of these claims have specified amounts totaling $63.3 million (2005 – twenty-four claims with a specified amount of $48.0 million). Included in the total legal actions are twenty-six claims amounting to $52.8 million (2005 – twenty claims amounting to $21.8 million) in which the Ministry has been jointly named with other entities. Nineteen claims amounting to $48.6 million (2005 – fourteen claims amounting to $17.8 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 11 Payments under Reciprocal and Other Agreements

(in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include regional health authorities, Provincial Health Boards and physicians.

The Ministry also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2006					2005
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 43,376	$ (19)	$ 1,685	$ 45,042	$ 27,237
Add: Payments made during the year	207	174,275	19	2,845	177,346	158,054
	207	217,651	-	4,530	222,388	$ 185,291
Less: Collections received during the year	-	178,951	-	3,207	182,158	137,492
Less: Adjustments made during the year	-	-	-	331	331	2,757
Closing receivable (payable) balance	$ 207	$ 38,700	$ -	$ 992	$ 39,899	$ 45,042

Note 12 Defined Benefit Plans

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $7,435 for the year ended March 31, 2006 (2005 - $6,115).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 – deficiency $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 – $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 –$9,404).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,311 (2005 – $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 14 Subsequent Event

(in thousands)

Based on an Order in Council (O.C. 421/2005) dated September 8, 2005, responsibility for Health Facilities Infrastructure program was transferred to the common responsibility of the Minister of Infrastructure and Transportation and the Minister of Health and Wellness. While the Minister of Infrastructure and Transportation retained responsibility for the original 2005/2006 budget of $392,048, new in-year approvals amounting to $64,630 are recorded in Health and Wellness' Consolidated Statement of Operations. Effective April 1, 2006, the Health Facilities Infrastructure program funding will be the sole responsibility of Health and Wellness. Expenditures on health facilities are expected to total $607,339 in 2006/2007.

Note 15 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 205,291	$ 205,291	$ 209,274
	205,291	205,291	209,274
Transfers from the Government of Canada:			
Canada Health Transfer/Canada Health & Social Transfer	1,686,950	1,543,749	1,191,435
Health Reform Fund	-	-	150,347
Wait Times Reduction	125,528	62,908	62,621
Diagnostic/Medical Equipment Fund	49,690	49,690	99,736
Other	185,157	182,710	232,476
	2,047,325	1,839,057	1,736,615
Fees:			
Health care insurance:			
Premiums before premium assistance	849,557	1,010,831	1,039,380
Less:			
Premium assistance under legislation	-	(135,101)	(141,700)
	849,557	875,730	897,680
Add:			
Penalties	24,825	21,212	20,061
Interest and miscellaneous	339	236	181
Health care insurance premiums, penalties and interest	874,721	897,178	917,922
Blue Cross:			
Premiums before premium assistance	22,500	25,828	25,116
Less premium assistance	-	(1,960)	(1,973)
Blue Cross premiums	22,500	23,868	23,143
Total premiums	897,221	921,046	941,065
Other	1,589	1,606	1,514
	898,810	922,652	942,579
Other revenue:			
Third party recoveries	62,333	69,129	64,787
Miscellaneous:			
Previous years' refunds of expenditure	1,500	14,324	13,437
Other	7,419	24,100	10,910
	71,252	107,553	89,134
Total revenues	$ 3,222,678	$ 3,074,553	$ 2,977,602

Schedule 2

MINISTRY OF HEALTH & WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall) / Excess
Health Care Insurance Premiums[b]	$ 902,838	$ 897,178	$ (5,660)
Non-Group Drug Benefits[c]	22,500	23,868	1,368
Primary Health Care Transition Fund[d]	7,832	6,663	(1,169)
Hepatitis C - Medical Services[e]	3,180	2,516	(664)
PHCTF - Multi-Jurisdictional Health Lines[f]	4,754	3,710	(1,044)
Statistical Information[g]	200	79	(121)
Government Sponsored Drug Programs[h]	1,200	1,160	(40)
Chronic Disease Management[i]	5,405	3,948	(1,457)
Canada Health Infoway - Client Registry[j]	4,500	1,661	(2,839)
Diabetes Surveillance[k]	60	60	-
	$ 952,469	$ 940,843	$ (11,626)

[a] Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Seniors are provided coverage, but do not pay premiums. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Ministry provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Non-Group Health Benefit expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Funding for this initiative is being used for Health Link, provincial coordination and capacity building with respect to implementing new primary health care models and administration of funds. Expenses associated with this initiative are included in the Statement of Operations under the Provincial Programs expense classification.

[e] Health Canada is providing funding for this initiative. The funding is being used to enhance existing health services to persons with chronic Hepatitis C virus infection in Alberta, regardless of the source of their infection. Expenses associated with this initiative are included in the Statement of Operations under the Provincial Programs expense classification.

[f] Health Canada is providing funding for this project. This project is a collaborative effort among the western provinces and territories to support and further develop health lines across Canada, in five areas; evaluation, staff training, chronic disease management, promotion and marketing and coordination of other infrastructure supports, such as a business case guide. Expenses associated with this initiative are included in the Statement of Operations under the Provincial Programs expense classification.

Schedule 2

MINISTRY OF HEALTH & WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2006
(in thousands)

(g) The Ministry provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the Ministry. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(h) For new drugs to be considered for inclusion on the Ministry's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and the drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the Ministry to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Provincial Programs expense classification.

(i) This project is funded by Health Canada's Primary Health Care Transition Fund and involves the four western provinces with Alberta as the lead. This project includes the creation of data standards and the capacity to share this data electronically (via HL7 messaging standards) in support of clinical decision making for primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) This is a cost shared project with Canada Health Infoway. Funding is being used for the Provincial Client Registry which is an effective patient identification system that links diverse information sources within and across health organizations and jurisdictions and will provide the foundation for the Alberta Electronic Health Record. Funding for this project was authorized as a Capital Investment initiative, but recoveries were attributed to operating expenses. Expenses associated with this initiative are included in the Statement of Operations under Information Technology expense classification.

(k) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The Ministry will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Service expense classification.

Schedule 3

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Voted:			
Grants	$ 8,658,179	$ 8,879,356	$ 7,978,671
Supplies and Services	150,002	133,273	117,441
Salaries, Wages and Employee Benefits	98,746	102,831	90,474
Amortization of Tangible Capital Assets	8,217	9,491	7,312
Inventory Consumed	20,263	24,687	28,223
Financial Transactions and Other	156	186	127
Total Voted Expenses	$ 8,935,563	$ 9,149,824	$ 8,222,248
Statutory:			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 47,047	$ 63,053
Other Write-offs	-	496	57
Provision for Vacation Pay	-	763	969
	$ 41,363	$ 48,306	$ 64,079

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2005-2006 Budget	Authorized Supplementary and Treasury Board Approval[a]	2005-2006 Authorized Budget
Revenues:			
Internal Government Transfers	$ 205,291	$ -	$ 205,291
Transfer from Government of Canada	2,047,325	-	2,047,325
Fees, Permits, and Licenses	898,810	28,117	926,927
Other Revenue	71,252	-	71,252
	3,222,678	28,117	3,250,795
Expenses - Directly Incurred:			
Program			
Regional Health Services	5,628,529	15,200	5,643,729
Diagnostic/Medical Equipment	49,690	12,100	61,790
Physician Services	1,737,328	-	1,737,328
Non-Group Health Benefits	629,511	-	629,511
Allied Health Services	82,951	-	82,951
Protection, Promotion and Prevention	117,560	-	117,560
Human Tissue and Blood Services	137,000	-	137,000
Provincial Programs	240,708	27,600	268,308
Addiction Prevention and Treatment Services	74,324	-	74,324
Ministry Support Services	151,714	-	151,714
Information Technology	86,248	119,000	205,248
Infrastructure Support	-	64,630	64,630
	8,935,563	238,530	9,174,093
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Other Write-Offs	-	-	-
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	8,976,926	238,530	9,215,456
Net Operating Results	$ (5,754,248)	$ (210,413)	$ (5,964,661)
Equipment / Inventory Purchases	$ 39,870	$ -	$ 39,870
Capital Investment	$ 33,753	$ -	$ 33,753

(a) There were two Supplementary Estimates approved in 2005-06. A $64.6 million supplementary estimate was approved on December 1, 2005 and another $141.2 million in supplementary estimate was approved on March 16, 2006. Treasury Board approval for $28.1 million was pursuant to section 24(2) of the Financial Administration Act. Treasury Board approval for $4.6 million was pursuant to section 2(1)(a) of the Appropriation (Supplementary Supply) Act 2006.

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry. The Alberta Alcohol and Drug Abuse Commission is an Entity in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statement of Operations and Financial Position at the amount of consideration agreed upon between the related parties.

	2006	2005
Revenue		
Grant	$ 205,291	$ 209,274
Fees & Services	1,678	-
Other	67	43
	$ 207,036	$ 209,317
Expenses - Directly Incurred:		
Grants	$ 39,491	$ 27,200
Other Services	43,409	28,873
	$ 82,900	$ 56,073
Capital Assets Transferred	$ 141	$ -
Receivable from	$ 307	$ -
Payable to	$ (131)	$ (105)

The Ministry receives services under contracts managed by the Ministry of Restructuring and Government Efficiency. Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2006	2005
Expenses - Incurred by Others:		
Accommodation	$ 11,792	$ 13,086
Legal	1,974	1,129
Other	52	10
	$ 13,818	$ 14,225

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006								2005
		Expenses - Incurred by Others			Valuation Adjustments (4)				
	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Other	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total (Restated - Note 3)
Program									
Funding to Health Authorities and Provincial Boards for:									
Regional Health Services	$ 5,665,202	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,665,202	$ 5,070,851
Accumulated Deficit Funding	-	-	-	-	-	-	-	-	92,507
Diagnostic/Medical Equipment	61,790	-	-	-	-	-	-	61,790	199,640
Physician Services	1,754,753	-	-	-	-	-	-	1,754,753	1,571,372
Non-Group Health Benefits	586,546	-	-	-	-	-	-	586,546	534,064
Allied Health Services	74,457	-	-	-	-	-	-	74,457	71,464
Protection, Promotion, and Prevention	98,243	-	-	-	-	-	-	98,243	110,540
Human Tissue and Blood Services	118,684	-	-	-	-	-	-	118,684	122,330
Provincial Programs	251,335	-	-	-	-	-	-	251,335	192,016
Addiction Prevention and Treatment Services	77,617	7,794	47	-	(110)	-	(37)	85,311	75,362
Ministry Support Services	152,942	3,998	1,927	52	873	-	-	159,792	141,216
Information Technology	243,625	-	-	-	-	-	-	243,625	56,166
Infrastructure Support	64,630	-	-	-	-	-	-	64,630	-
Health Care Insurance Premiums Revenue Write-Offs (5)	-	-	-	-	-	47,047	-	47,047	63,053
Other Write-offs	-	-	-	-	-	-	533	533	-
	$ 9,149,824	$ 11,792	$ 1,974	$ 52	$ 763	$ 47,047	$ 496	$ 9,211,948	$ 8,300,581

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(2) Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 5, allocated by square footage.

(3) Costs shown for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:
Vacation Pay - allocated to the program by employee,
Doubtful Accounts Provision - estimated.

(5) Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Department of Health and Wellness

Financial Statements

March 31, 2006

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2006

Auditor's Report

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Schedule 3 - Expenses Directly Incurred Detailed by Object

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Schedule 6 - Salaries and Benefits

Schedule 7 - Related Party Transactions

Schedule 8 - Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Health and Wellness

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Health and Wellness as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 205,291	$ 205,291	$ 209,274
Transfer from the Government of Canada	2,047,325	1,839,057	1,736,615
Premiums and Fees	897,272	921,123	941,122
Other Revenue	70,782	104,310	87,521
	3,220,670	3,069,781	2,974,532
Expenses - Directly Incurred (Note 2b (v) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	151,714	152,941	134,885
Health Services	8,709,525	8,855,137	8,021,408
Assistance to Alberta Alcohol and Drug Abuse Commission	72,316	72,316	64,149
Health Facilities Infrastructure	-	64,630	-
	8,933,555	9,145,024	8,220,442
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	47,047	63,053
Other Write-Offs	-	533	-
Provision for Vacation Pay	-	873	571
	41,363	48,453	63,624
	8,974,918	9,193,477	8,284,066
Net Operating Results	$ (5,754,248)	$ (6,123,696)	$ (5,309,534)

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2006

(in thousands)

	2006	2005 (Restated - Note 3)
ASSETS		
Cash	$ 11,542	$ 7,900
Accounts Receivable, Loans and Advances (Note 4)	199,208	600,122
Tangible Capital Assets (Note 5)	69,613	66,863
Consumable Inventory	11,019	5,614
	$ 291,382	$ 680,499
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 744,965	$ 474,701
Unearned Revenue (Note 7)	362,282	639,269
	1,107,247	1,113,970
NET LIABILITIES		
Net Liabilities at Beginning of Year	(433,471)	(414,058)
Net Operating Results	(6,123,696)	(5,309,534)
Net Transfer from General Revenues	5,741,302	5,290,121
Net Liabilities at End of Year	(815,865)	(433,471)
	$ 291,382	$ 680,499

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006	2005 (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (6,123,696)	$ (5,309,534)
Non-cash items:		
Amortization of Tangible Capital Assets (Schedule 3)	9,298	7,185
Inventory Consumed	24,687	28,223
Health Care Insurance Premium Revenue Write-Offs	47,047	63,053
Other Write-Offs	533	-
Provision for Vacation Pay	873	571
	(6,041,258)	(5,210,502)
Decrease (Increase) in Accounts Receivable	353,331	(502,224)
Increase in Accounts Payable and Accrued Liabilities	269,390	103,675
(Decrease) Increase in Unearned Revenue	(276,987)	348,020
Cash (applied to) Operating Transactions	(5,695,524)	(5,261,031)
Capital Transactions		
Acquisition of Tangible Capital Assets	(12,048)	(17,108)
Acquisition of Consumable Inventory	(30,091)	(28,920)
Transfer of Tangible Capital Assets	-	87
Cash (applied to) Capital Transactions	(42,139)	(45,941)
Investing Transactions		
Loans and Advances	3	(2)
Repayment of Loans and Advances	-	-
Cash Provided by (applied to) Investing Transactions	3	(2)
Financing Transactions		
Net Transfer from General Revenues	5,741,302	5,290,121
Increase (decrease) in Cash	3,642	(16,853)
Cash, Beginning of Year	7,900	24,753
Cash, End of Year	$ 11,542	$ 7,900

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

Note 1 Authority and Purpose

The Department of Health and Wellness (the "Department") operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determines the scope of financial, capital and human resources required, and measures and reports on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, the Alberta Mental Health Board, and the Alberta Alcohol and Drug Abuse Commission. The activities of these organizations are not included in these financial statements.

Details on balances are disclosed in Notes 4 and 6 and funding to health authorities and provincial boards are included in Schedule 5 to the financial statements under the following sub programs:

	(in thousands)
Program 1	$ 1,394
Sub-program 2.1	92,891
Sub-program 2.2	279,759
Sub-program 2.3	53,683
Sub-program 2.4	5,726,992
Program 4	64,630
	$ 6,219,349

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Transfers from the Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Established Programs Financing entitlements are recorded based on management's estimate of amounts applicable to the fiscal year. Overpayments relating to Canada Health Transfers and other transfers received before revenue recognition criteria have been met are included in accounts payable.

(iv) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(iv) Dedicated Revenue (continued)

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

(v) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(vi) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as consumable inventories and bank balance established under the Health Care Insurance Plan.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $5,000. All land is capitalized.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vii) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

(viii) Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Department and its liabilities.

(ix) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, loans and advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(x) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 10.

(xi) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The nature of uncertainty, for Canada Health Transfers, can arise from changes in the base allocations which are primarily a result of updated personal and corporate tax information.

The allowance for doubtful accounts amounting to $129,760 (2005 - $142,506) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $129,760 (2005 - $142,506) as reported in Note 4 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2006 and past collection patterns. The actual amount collected could vary from that estimated.

The accrual for claims payable to physicians in the amount of $36,438 (2005 - $50,321) is subject to measurement uncertainty. The amount is based on payments made subsequent to March 31, 2006 and an estimate for any future payments within 180 days claim period.

Note 3 Government Restructuring

(in thousands)

As a result of government restructuring (OC104/2005), the responsibility for the Alberta Aids for Daily Living program was transferred from the Department of Health and Wellness.

Comparatives for 2005 have been restated as if the Department had always been assigned its current responsibilities.

Net (liabilities) as previously reported at March 31, 2004	$ (420,487)
Transfers to Ministry of Seniors and Community Support	6,429
Net (liabilities), as restated at April 1, 2004	$ (414,058)

Net operating results reported March 31, 2005	$ (5,390,197)
Transfers to Ministry of Seniors and Community Support	80,663
Restated net operating results March 31, 2005	$ (5,309,534)

Note 4 Accounts Receivable, Loans and Advances

(in thousands)

	2006			2005
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 327,864	$ 129,760	$ 198,104	$ 598,333
Amounts due from Health Authorities and Provincial Boards	93	-	93	21
Other Receivable	1,011	-	1,011	1,765
Accountable Advance	-	-	-	3
	$ 328,968	$ 129,760	$ 199,208	$ 600,122

Accounts receivable are unsecured.

Note 5 Tangible Capital Assets
(in thousands)

	2006				2005
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated - Note 3)
Systems Development Work-in-progress					
Wellnet Projects		$ -	$ -	$ -	$ 5,023
Others		2,444	-	2,444	5,191
		2,444	-	2,444	10,214
Computer Hardware and Software	3-10 years	99,053	33,240	65,813	55,525
Equipment	10 years	1,555	199	1,356	1,124
		100,608	33,439	67,169	56,649
		$ 103,052	$ 33,439	$ 69,613	$ 66,863

Note 6 Accounts Payable and Accrued Liabilities
(in thousands)

	2006	2005 (Restated - Note 3)
Accounts payable	$ 225,123	$ 167,192
Accrued liabilities	190,988	183,820
Amounts due to Health Authorities and Provincial Boards	322,884	118,606
Accrued vacation pay	5,970	5,083
	$ 744,965	$ 474,701

Note 7 Unearned Revenue
(in thousands)

	2006	2005
Changes in unearned revenues are as follows:		
Cash received/receivable during the year:		
Health Care Insurance Premiums	$ 31,661	$ 29,799
Health Services for Persons with Hepatitis C	-	5,300
Third Party Recoveries	37	71
Canada Health Transfer	-	100,494
Wait Times Reduction Transfer	-	429,974
Public Health and Immunization Trust	-	40,200
	31,698	605,838
Less amounts recognized as revenue in the year	(308,685)	(257,818)
(Decrease) Increase during the year	(276,987)	348,020
Balance at beginning of year	639,269	291,249
Balance at end of year	$ 362,282	$ 639,269
Balances at end of year are comprised of:		
Canada Health Transfer	$ -	$ 199,873
Health Care Insurance Premiums	31,661	29,799
Health Services for Persons with Hepatitis C	12,495	15,012
Third Party Recoveries	58	42
Wait Times Reduction Transfer	304,446	367,354
Public Health and Immunization Trust	13,622	27,189
	$ 362,282	$ 639,269

Note 8 Contractual Obligations
(in thousands)

As at March 31, 2006, the Department has the following contractual obligations:

	2006	2005 (Restated)
Specific programs commitments [(a)]	$ 8,325,370	$ 9,976,251
Capital construction contracts	1,451,259	-
Service contracts	142,196	65,921
	$ 9,918,825	$ 10,042,172

[(a)] Included in 2006 specific programs commitments is an amount of $7,755,000 (2005 restated - $9,213,849) for the provision of insured medical services by physicians under the trilateral agreement signed between the Alberta Medical Association, the Regional Health Authorities and the Department of Health and Wellness.

The 2005 specific program commitments were restated from $2,088,751 to $9,976,251 to recognize the commitment in the trilateral agreement until March 31, 2011. Previously, only the commitment to March 31, 2006 was recognized. This restatement does not impact net operating results or net liabilties.

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Specific Programs Commitments	Capital Construction Contracts	Service Contracts	Total 2006
2007	$ 1,687,072	$ 276,235	$ 96,988	$ 2,060,295
2008	1,618,246	577,251	19,992	2,215,489
2009	1,622,734	367,976	12,680	2,003,390
2010	1,662,872	98,488	12,501	1,773,861
2011	1,702,784	131,309	2	1,834,095
Thereafter	31,662	-	33	31,695
	$ 8,325,370	$ 1,451,259	$ 142,196	$ 9,918,825

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

Note 8 Contractual Obligations (continued)
(in thousands)

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $118,221 (2005 - $122,330). Budgeted expenditure for the 2007 fiscal year is estimated at $131,160.

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

At March 31, 2006, the Department was named as defendant in thirty-nine specific legal actions (2005 - forty specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in twenty-eight specific legal actions approximates $553 million (2005 - twenty-nine specific legal actions approximates $554 million). For the other eleven claims, no specified amount has yet been claimed (2005 - eleven claims have no specified amount); the amount of these claims will be determined at trial.

Thirty-nine of these claims (2005 - thirty-nine claims) are covered by the Alberta Risk Management Fund with twenty-eight claims amounting to $553 million (2005 - twenty-eight claims amounting to $80 million). Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2006, the unpaid balance of the Department's commitment to the financial assistance package was $12,942,143 (2005 - $13,043,265).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2006, the contingent payout liability upon termination is estimated at $12.8 million (2005 - $14.3 million).

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Notifications to terminate certain equity agreements have been received by the Department. In 2005-2006, the Department expensed $1.8 million (2005 - $7.0 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure and Transportation, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the buildings and equipment at their net book value.

Other

At March 31, 2006, the Department was named as defendant in 28 other legal actions (2005 - twenty-four legal actions). Twenty-six of these claims have specified amounts totaling $62.8 million (2005 - twenty-three claims with a specified amount of $47.7 million). Included in the total legal actions are twenty-six claims amounting to $52.8 million (2005 - nineteen claims amounting to $21.5 million) in which the Department has been jointly named with other entities. Nineteen claims amounting to $48.6 million (2005 - thirteen claims amounting to $17.6 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 10 Payments under Reciprocal and Other Agreements

(in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Department also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infrastructure at the national level. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Note 10 Payments under Reciprocal and Other Agreements (continued)

(in thousands)

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2006					2005
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 43,376	$ (19)	$ 1,685	$ 45,042	$ 27,237
Add: Payments made during the year	207	174,275	19	2,845	177,346	158,054
	207	217,651	-	4,530	222,388	185,291
Less: Collections received during the year	-	178,951	-	3,207	182,158	137,492
Less: Adjustments made during the year	-	-	-	331	331	2,757
Closing receivable (payable) balance	$ 207	$ 38,700	$ -	$ 992	$ 39,899	$ 45,042

Note 11 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,799 for the year ended March 31, 2006 (2005- $3,953).

At December 31, 2005 the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - deficit $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 - deficit $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 - $9,404).

Note 11 Defined Benefit Plans (continued)
(in thousands)

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actual deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,311 (2005 - $3,208). The expense for these two plans is limited to the employer's annual contribution for the year.

Note 12 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 13 Subsequent Event
(in thousands)

Based on an Order in Council (O.C. 421/2005) dated September 8, 2005, responsibility for Health Facilities Infrastructure program was transferred to the common responsibility of the Minister of Infrastructure and Transportation and the Minister of Health and Wellness. While the Minister of Infrastructure and Transportation retained responsibility for the original 2005/2006 budget of $392,048, new in-year approvals amounting to $64,630 are recorded in Health and Wellness' Statement of Operations. Effective April 1, 2006, the Health Facilities Infrastructure program funding will be the sole responsibility of Health and Wellness. Expenditures on health facilities are expected to total $607,339 in 2006/2007.

Note 14 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 205,291	$ 205,291	$ 209,274
	205,291	205,291	209,274
Transfers from the Government of Canada:			
Canada Health Transfer/Canada Health & Social Transfer	1,686,950	1,543,749	1,191,435
Health Reform Fund	-	-	150,347
Wait Times Reduction	125,528	62,908	62,621
Diagnostic/Medical Equipment Fund	49,690	49,690	99,736
Other	185,157	182,710	232,476
	2,047,325	1,839,057	1,736,615
Fees:			
Health care insurance:			
Premiums before premium assistance	849,557	1,010,831	1,039,380
Less:			
Premium assistance under legislation	-	(135,101)	(141,700)
	849,557	875,730	897,680
Add:			
Penalties	24,825	21,212	20,061
Interest and miscellaneous	339	236	181
Health care insurance premiums, penalties and interest	874,721	897,178	917,922
Blue Cross:			
Premiums before premium assistance	22,500	25,828	25,116
Less premium assistance	-	(1,960)	(1,973)
Blue Cross premiums	22,500	23,868	23,143
Total premiums	897,221	921,046	941,065
Other	51	77	57
	897,272	921,123	941,122
Other revenue:			
Third party recoveries	62,333	69,129	64,787
Miscellaneous:			
Previous years' refunds of expenditure	1,500	14,324	13,437
Other	6,949	20,857	9,297
	70,782	104,310	87,521
Total revenues	$ 3,220,670	$ 3,069,781	$ 2,974,532

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall) / Excess
Health Care Insurance Premiums[b]	$ 902,838	$ 897,178	$ (5,660)
Non-Group Drug Benefits[c]	22,500	23,868	1,368
Primary Health Care Transition Fund[d]	7,832	6,663	(1,169)
Hepatitis C - Medical Services[e]	3,180	2,516	(664)
PHCTF - Multi-Jurisdictional Health Lines[f]	4,754	3,710	(1,044)
Statistical Information[g]	200	79	(121)
Government Sponsored Drug Programs[h]	1,200	1,160	(40)
Chronic Disease Management[i]	5,405	3,948	(1,457)
Canada Health Infoway - Client Registry[j]	4,500	1,661	(2,839)
Diabetes Surveillance[k]	60	60	-
	$ 952,469	$ 940,843	$ (11,626)

[a] Revenues from dedicated revenue initiatives are included in the Department's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Seniors are provided coverage, but do not pay premiurms. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Funding for this initiative is being used for Health Link, provincial coordination and capacity building with respect to implementing new primary health care models and administration of funds. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[e] Health Canada is providing funding for this initiative. The funding is being used to enhance existing health services to persons with chronic Hepatitis C virus infection in Alberta, regardless of the source of their infection. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[f] Health Canada is providing funding for this project. This project is a collaborative effort among the western provinces and territories to support and further develop health lines across Canada, in five areas; evaluation, staff training, chronic disease management, promotion and marketing and coordination of other infrastructure supports, such as a business case guide. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2006
(in thousands)

[g] The department provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

[h] For new drugs to be considered for inclusion on the department's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and the drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the department to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[i] This project is funded by Health Canada's Primary Health Care Transition Fund and involves the four western provinces with Alberta as the lead. This project includes the creation of data standards and the capacity to share this data electronically (via HL7 messaging standards) in support of clinical decision making for primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under Health Services expense classification.

[j] This is a cost shared project with Canada Health Infoway. Funding is being used for the Provincial Client Registry which is an effective patient identification system that links diverse information sources within and across health organizations and jurisdictions and will provide the foundation for the Alberta Electronic Health Record. Funding for this project was authorized as a Capital Investment initiative, but recoveries were attributable to operating expenses. Expenses associated this initiative are included in the Statement of Operations under Health Services expense classification.

[k] Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The department will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Service expense classification.

Schedule 3

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Voted:			
Grants	$ 8,715,712	$ 8,936,412	$ 8,029,788
Supplies and Services	132,802	114,773	101,598
Salaries, Wages and Employee Benefits	56,558	59,687	53,536
Amortization of Tangible Capital Assets	8,079	9,298	7,185
Inventory Consumed	20,263	24,687	28,223
Other	141	167	112
Total Voted Expenses	$ 8,933,555	$ 9,145,024	$ 8,220,442
Statutory:			
Valuation adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 47,047	$ 63,053
Other Write-offs	-	533	-
Provision for Vacation Pay	-	873	571
	$ 41,363	$ 48,453	$ 63,624

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2005 - 2006 Budget	Authorized Supplementary and Treasury Board Approvals (a)	2005 - 2006 Authorized Budget
Revenues:			
Internal Government Transfers	$ 205,291	$ -	$ 205,291
Transfer from Government of Canada	2,047,325	-	2,047,325
Premiums and Fees	897,272	28,117	925,389
Other Revenue	70,782	-	70,782
	3,220,670	28,117	3,248,787
Expenses - Directly Incurred:			
Voted Operating Expenses			
Ministry Support Services	151,714	-	151,714
Health Services	8,709,525	173,900	8,883,425
Addiction Prevention and Treatment Services	72,316	-	72,316
Health Facilities Infrastructure	-	64,630	64,630
	8,933,555	238,530	9,172,085
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Other Write-Offs	-	-	-
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	8,974,918	238,530	9,213,448
Net Operating Results	$ (5,754,248)	$ (210,413)	$ (5,964,661)
Equipment / Inventory Purchases	$ 39,870	$ -	$ 39,870
Capital Investment	$ 33,500	$ -	$ 33,500

(a) There were two Supplementary Estimates approved in 2005-06. A $64.6 million supplementary estimate was approved on December 1, 2005 and another $141.2 million in supplementary estimate was approved on March 16, 2006. Treasury Board approval for $28.1 million was pursuant to section 24(2) of the Financial Administration Act. Treasury Board approval for $4.6 million was pursuant to section 2(1)(a) of the Appropriation (Supplementary Supply) Act 2006.

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2006

(in thousands)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2006	Authorized Supplementary and Treasury Board Approvals[a]	Authorized Budget 2006	Actual 2006[b]	Under (Over) Expended
Ministry Support Services					
1.0.1 Minister's Office	$ 509	$ -	$ 509	$ 508	$ 1
1.0.2 Deputy Minister's Office	499	-	499	505	(6)
1.0.3 Public Communications	1,440	-	1,440	2,198	(758)
1.0.4 Policy, Planning and Research Services	10,120	-	10,120	9,250	870
1.0.5 Population Health	14,635	-	14,635	14,465	170
1.0.6 Workforce Services					
- Operating Expense	8,303	-	8,303	7,907	396
- Equipment / Inventory Purchases	-	-	-	21	(21)
1.0.7 Corporate Support Services					
- Operating Expense	87,160	-	87,160	91,877	(4,717)
- Equipment / Inventory Purchases	920	-	920	2,197	(1,277)
- Capital Investment	-	-	-	282	(282)
1.0.8 Program Services	19,489	-	19,489	19,479	10
1.0.9 Health Facilities Review Committee	622	-	622	734	(112)
1.0.10 Health Quality Assurance	5,942	-	5,942	3,650	2,292
1.0.11 Health Advisory and Appeal Services	2,883	-	2,883	2,263	620
1.0.12 Standing Policy Committee on Health and Community Living	112	-	112	105	7
Total Ministry Support Services	152,634	-	152,634	155,441	(2,807)
Health Services					
2.1 Physician Services					
2.1.1 Physician Compensation	1,537,350	-	1,537,350	1,600,685	(63,335)
2.1.2 On Call Programs	75,300	-	75,300	75,263	37
2.1.3 Physician Office System Project	8,158	-	8,158	8,143	15
2.1.4 Primary Care	80,000	-	80,000	28,374	51,626
2.1.5 Academic Alternate Relationship Plans	30,500	-	30,500	37,313	(6,813)
2.1.6 Rural Physician Action Plan	6,020	-	6,020	4,976	1,044
Total Physician Services	1,737,328	-	1,737,328	1,754,754	(17,426)
2.2 Provincial Programs					
2.2.1 Non-Group Health Benefits	629,511	-	629,511	586,546	42,965
2.2.2 Allied Health Services	82,951	-	82,951	74,457	8,494
2.2.3 Human Tissue and Blood Services					
- Operating Expense	7,000	-	7,000	-	7,000
- Operating Expense funded by Lotteries	130,000	-	130,000	118,684	11,316
2.2.4 Air Ambulance Services	40,000	-	40,000	33,923	6,077
2.2.5 Municipal Ambulance Program	55,000	-	55,000	55,033	(33)
2.2.6 Out-Of-Province Health Care Services	61,485	-	61,485	55,452	6,033
2.2.7 Health Systems					
- Operating Expense	86,248	119,000	205,248	243,624	(38,376)
- Equipment / Inventory Purchases	7,850	-	7,850	729	7,121
- Capital Investment	33,500	-	33,500	8,820	24,680
2.2.8 Health Services Research					
- Operating Expense funded by Lotteries	5,175	-	5,175	5,050	125
2.2.9 Post Graduate Training Support	26,000	-	26,000	14,386	11,614
2.2.10 Support Programs	53,048	27,600	80,648	87,491	(6,843)
Total Provincial Programs	1,217,768	146,600	1,364,368	1,284,195	80,173

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2006
(thousands of dollars)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2006	Authorized Supplementary and Treasury Board Approvals(a)	Authorized Budget 2006	Actual 2006(b)	Under (Over) Expended
2.3 Protection, Promotion and Prevention					
2.3.1 Vaccines and Sera					
- Operating Expense	32,519	-	32,519	31,337	1,182
- Equipment / Inventory Purchases	31,100	-	31,100	30,091	1,009
2.3.2 Public Health Laboratories	20,911	-	20,911	25,931	(5,020)
2.3.3 Child and Youth Health Strategies	10,150	-	10,150	9,745	405
2.3.4 Aboriginal Health Strategies					
- Operating Expense	-	-	-	11	(11)
- Operating Expense funded by Lotteries	2,200	-	2,200	2,050	150
2.3.5 Community-based Health Services					
- Operating Expense	43,980	-	43,980	10,523	33,457
- Operating Expense funded by Lotteries	5,000	-	5,000	16,591	(11,591)
2.3.6 West Nile Virus Response	2,800	-	2,800	2,557	243
Total Protection, Promotion and Prevention	148,660	-	148,660	128,836	19,824
2.4 Regional Health Services					
2.4.1 Regional Health Services	5,628,529	15,200	5,643,729	5,665,202	(21,473)
2.4.3 Diagnostic / Medical Equipment	49,690	12,100	61,790	61,790	-
Total Regional Health Services	5,678,219	27,300	5,705,519	5,726,992	(21,473)
Total Health Services	8,781,975	173,900	8,955,875	8,894,777	61,098
Assistance to Alberta Alcohol and Drug Abuse Commission					
3.0.1 Operating Funds for Alberta Alcohol and Drug Abuse Commission					
- Operating Expense funded by Lotteries	62,916	-	62,916	62,916	-
3.0.2 Alberta Tobacco Reduction Strategy	9,400	-	9,400	9,400	-
Total Assistance to Alberta Alcohol and Drug Abuse Commission	72,316	-	72,316	72,316	-
Health Facilities Infrastructure					
4.0.1 Health Facilities Infrastructure	-	64,630	64,630	64,630	-
Total Health Facilities Infrastructure	-	64,630	64,630	64,630	-
Total Voted	$ 9,006,925	$ 238,530	$ 9,245,455	$ 9,187,164	$ 58,291
Operating Expense	8,728,264	238,530	8,966,794	8,939,733	27,061
Operating Expense funded by lotteries	205,291	-	205,291	205,291	-
Equipment / Inventory Purchases	39,870	-	39,870	33,038	6,832
	8,973,425	238,530	9,211,955	9,178,062	33,893
Capital Investment	33,500	-	33,500	9,102	24,398
Total Voted - Operating, Equipment/Inventory Purchases & Capital Investment	$ 9,006,925	$ 238,530	$ 9,245,455	$ 9,187,164	$ 58,291

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2006

(thousands of dollars)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2006	Authorized Supplementary and Treasury Board Approvals(a)	Authorized Budget 2006	Actual 2006(b)	Under (Over) Expended
Statutory Expenses					
Valuation Adjustments					
Health Care Insurance Premium Revenue Write-Offs	$ 41,363	$ -	$ 41,363	$ 47,047	$ (5,684)
Other Write-Offs	-	-	-	533	(533)
Provision for vacation Pay	-	-	-	873	(873)
Total Statutory Expenses	$ 41,363	$ -	$ 41,363	$ 48,453	(7,090)

(a) There were two Supplementary Estimates approved in 2005-06. A $64.6 million supplementary estimate was approved on December 1, 2005 and another $141.2 million in supplementary estimate was approved on March 16, 2006. Treasury Board approval for $28.1 million was pursuant to section 24(2) of the Financial Administration Act. Treasury Board approval for $4.6 million was pursuant to section 2(1)(a) of the Appropriation (Supplementary Supply) Act 2006.

(b) Includes achievement bonus of $1,482,240.

Schedule 6

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

	2006				2005
	Base Salary [1]	Other Cash Benefits [2]	Other Non Cash Benefits [3]	Total	Total
Deputy Minister [4]	$ 192,655	$ 54,000	$ 37,648	$ 284,303	$ 234,776
Executives - Assistant Deputy Ministers					
Information Strategic Services [5]	125,485	32,636	27,879	186,000	162,076
Public Health [6] [7]	164,054	28,213	6,307	198,574	104,401
Health Authorities [7] [8]	14,266	-	198	14,464	180,969
Health Workforce	137,248	10,858	31,320	179,426	161,628
Program Services	137,248	25,336	30,690	193,274	167,349
Strategic Directions	143,028	29,352	31,770	204,150	175,048
Corporate Operations	148,588	27,430	32,969	208,987	177,517
Executives - Other					
Executive Director, Human Resources [9] [10]	127,695	13,073	32,757	173,525	-

[1] Base Salary includes pensionable base pay.

[2] Other cash benefits include bonuses, vacation payments, overtime and lump sum payments.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and life-long learning.

[4] Automobile provided, no dollar amount is included in benefits and allowances.

[5] This position was occupied by two people. The current incumbent is in an acting capacity.

[6] The current incumbent was in an acting capacity as of October 18, 2004 and became the ADM of Public Health effective May 1, 2005.

[7] The current incumbent does not participate in the government pension plan, salary includes a compensating amount for pension.

[8] The incumbent was the ADM of Health Authorities until the division was dissolved.

[9] This position was occupied by two people.

[10] Effective April 1, 2005, this position became a member of Executive Committee.

Schedule 7

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department. The Alberta Alcohol and Drug Abuse Commission is an Entity in the Ministry.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Revenues				
Grants	$ -	$ -	$ 205,291	$ 209,274
Other	-	-	67	43
	$ -	$ -	$ 205,358	$ 209,317
Expenses - Directly Incurred				
Grants	$ 72,816	$ 65,649	$ 39,491	$ 27,200
Other Services	-	-	41,295	27,613
	$ 72,816	$ 65,649	$ 80,786	$ 54,813
Capital Assets Transferred	$ -	$ -	$ 141	$ -

The Department receives services under contracts managed by the Ministry of Restructuring and Government Efficiency. Any commitments under these contracts are reported by the Ministry of Restructuring and Government Efficiency.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses - Directly Incurred				
Accommodation	$ -	$ -	$ 3,998	$ 4,016
Legal	-	-	1,927	1,119
Other	-	-	52	10
	$ -	$ -	$ 5,977	$ 5,145

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006								2005
		Expenses - Incurred by Others			Valuation Adjustments [4]				
	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Other	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total (Restated - Note 3)
Ministry Support Services	$ 152,942	$ 3,998	$ 1,927	$ 52	$ 873	$ -	$ -	$ 159,792	$ 140,322
Health Services	8,855,136	-	-	-	-	-	-	8,855,136	8,021,526
Alberta Alcohol and Drug Abuse Commission	72,316	-	-	-	-	-	-	72,316	64,149
Infrastructure Support	64,630	-	-	-	-	-	-	64,630	-
Health Care Insurance Premiums Revenue Write-Offs [5]	-	-	-	-	-	47,047	-	47,047	63,053
Other Write-Offs	-	-	-	-	-	-	533	533	-
	$ 9,145,024	$ 3,998	$ 1,927	$ 52	$ 873	$ 47,047	$ 533	$ 9,199,454	$ 8,289,050

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 7, allocated by square footage.

[3] Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

[4] Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:

Vacation Pay - allocated to the program by employee,
Doubtful Accounts Provision - estimated.

[5] Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Alberta Alcohol and Drug Abuse Commission

Financial Statements

March 31, 2006

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2006

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

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Schedule of Expenses by Object and Core Business – Schedule 2

Schedule of Allocated Costs – Schedule 3

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2006

(In thousands)

	2006	2005
ASSETS		
Current Assets:		
Cash (Note 3)	$ 10,074	$ 10,880
Accounts Receivable	1,028	521
Inventory	329	360
Prepaid Expenses	26	36
	11,457	11,797
Tangible Capital Assets (Note 4)	476	549
	$ 11,933	$ 12,346
LIABILITIES AND ACCUMULATED SURPLUS		
Current Liabilities:		
Accounts Payable	$ 4,651	$ 4,981
Accrued Vacation Pay	3,643	3,753
Deferred Contributions (Note 7)	267	355
Unearned Revenue	34	37
	8,595	9,126
Accumulated surplus:		
At beginning of year	3,220	2,411
Net operating results	118	809
At end of year	3,338	3,220
	$ 11,933	$ 12,346

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006		2005
	Budget (Note 9)	**Actual**	**Actual**
Revenues (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	$ 72,316	$ 72,816	$ 65,649
Fees	1,538	1,529	1,457
Investment Income	388	544	500
Other	82	2,699	1,113
	74,324	77,588	68,719
Expenses – Directly Incurred: (Schedule 2 and 3, Note 2 (b))			
Programs:			
Community services	33,551	37,714	32,282
Residential treatment services	17,183	14,406	13,552
Detoxification services	10,212	12,723	8,619
Research, information and monitoring	9,036	8,723	9,777
Administration	4,342	4,014	3,282
Accrued vacation pay adjustment	-	(110)	398
	74,324	77,470	67,910
Net operating results	$ -	$ 118	$ 809

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006	2005
Operating Activities:		
Net operating results	$ 118	$ 809
Add non-cash charges:		
Amortization of capital assets	192	126
	311	935
(Decrease)/Increase in non-cash working capital	(997)	637
Cash (used) provided by operating activities	(687)	1,572
Investing activities:		
Acquisition of capital assets	(119)	(384)
Net cash (used) provided	(806)	1,188
Cash at beginning of year	10,880	9,692
Cash at end of year	$ 10,074	$ 10,880

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 2000. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the Commission has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Incurred by Others
Services contributed by other entities in support of the Commission's operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost with cost being determined principally on a first-in, first-out basis.

(d) Tangible Capital Assets

Tangible capital assets are recorded at historical cost net of accumulated amortization. The threshold for capitalizing assets is $5,000. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment	- 10 years straight-line
Computer equipment and software	- 3 years straight-line

(e) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, and accrued liabilities are estimated to approximate their book values. Subsequent actual amounts, which may vary from estimates, will impact future financial results.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Note 3 Cash

(In thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by the Fund have an average effective market yield of 3.96% per annum (March 31, 2005: 2.79% per annum).

Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. The Commission retains the interest earned on all of its bank accounts, and reflects it as income. Interest income of $544 (2005 $500) was earned during the year on this account and is reflected in the financial statements.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Tangible Capital Assets

(In thousands)

Capital assets consist of the following:

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 891	$ 589	$ 302	$ 390
Furniture and equipment	331	157	174	159
	$ 1,222	$ 746	$ 476	$ 549

Note 5 Contractual Obligations

(In thousands)

(a) The Commission leases certain vehicles and equipment under operating leases that expire on various dates through to January 31, 2010. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2007	$ 149
2008	$ 120
2009	$ 97
2010	$ 48

(b) The Commission has certain contractual obligations for contracts, which extend into 2007 and 2008. The value of the contractual obligation is $82 in 2007 and $60 in 2008.

Note 6 Contingent Liabilities

(In thousands)

The agency has a contingent liability in respect of a claim concerning the methodology used to calculated pension benefit payments under PSPP. The claim has been filed jointly and severally against the Province of Alberta and the employers participating in PSPP. The claim specified an amount of $1,250,000.

At March 31, 2006, The Commission is a defendant in two legal claims (2005 - one claim $285). The specified amount of the claims is $470.

The resulting loss, if any, from these claims cannot be determined.

Note 7 Deferred Contributions

(In thousands)

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted contributions to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2006	2005
Donations	$ 19	$ 32
Interest Earned	8	8
Transferred to Revenue	(115)	-
(Decrease)/Increase during the year	(88)	40
Balance at beginning of year	355	315
Balance at end of year	$ 267	$ 355

Note 8 Defined Benefit Plans
(In thousands)

The Commission participates in the multi-employer pension plans, Management Employee Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$2,650 for the year ended March 31, 2006 (2005 – \$2,162) and is reflected in Employer Contributions on Schedule 2.

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of \$165,895 (2004 – \$268,101) and the Public Service Pension Plan reported a deficiency of \$187,704 (2004 – \$450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$10,018 (2004 – \$9,404).

Note 9 Approvals

(a) Budget

The budget amounts shown on the statement of operations agree with the 2005/06 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenses by object. The Members of the Commission approved these budgets on April 22, 2005.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 1st, 2006 by the Members of the Commission.

Note 10 Related Party Transactions

(In thousands)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.

For purposes of this schedule, the related parties are separated into "Entities in the Ministry" which includes only the Department of Health and Wellness, and "Other Entities".

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Revenues:				
Grants	$ 72,816	$ 65,649	$ -	$ -
Fees & Charges	825	-	853	-
	73,641	65,649	853	-
Expenses:				
Other Services	$ 319	$ -	$ 1,248	$ 839
Receivables from	$ 197	$ -	$ 110	$ -
Payables to	$ 58	$ -	$ 73	$ 105

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses:				
Legal Fees	$ -	$ -	$ 47	$ 10
Accommodation	-	-	7,794	7,141
	$ -	$ -	$ 7,841	$ 7,151

Note 11 Federal/Provincial Cost Sharing Agreements
(In thousands)

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Alcohol and Drug Treatment and Rehabilitation (ADTR) agreement and records this recovery in the financial statements of the Department of Health and Wellness. The ADTR claim relating to the Commission's activities for the year ended March 31, 2006 amounts to approximately $1,415 (2005 $1,415).

The Province of Alberta received a further $65.5 per year relating to fiscal years 2002-2003 and 2003-2004 for a total of $131.

Note 12 Salaries, Wages, Benefits and Allowances
(In thousands)

	2006				2005
	Base Salary [a]	**Other Cash Benefits** [b]	**Other Non-cash Benefits** [c]	**Total**	**Total**
Chairman of the Board	$ 18	$ -	$ -	$ 18	$ 14
Board Members [d]	38	-	-	38	25
President & Chief Executive Officer [f]	157	24	10	191	196
Vice President, AADAC [f]	150	25	33	208	179
Vice President, Corporate Services Division [f]	132	21	30	183	150
Vice President, Community Services Division [f]	126	21	28	175	148
Vice President, Provincial Services Division [f]	127	21	28	176	148
Executive Director, Information Services Branch [f]	-	-	-	-	146
Director Provincial Initiatives [f]	- -	- -	-	-	130
Director, Urban Services [f]	-	-	-	-	132
Senior Director, National Research Coordination [f]	-	-	-	-	123

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include bonuses, vacation payments, overtime, and lump sum payments.

(c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, and professional memberships.

(d) There were ten Board members in both years.

(e) An amount has not been included in benefits and allowances for the automobile provided to the President & Chief Executive Officer.

(f) The Commission reorganized its corporate structure in December 2005. The former Chief Executive Officer became President & Chief Executive Officer. The former Executive Director, Program Services became Vice President AADAC. The former Executive Director, Corporate Services became the Vice President Corporate Services Division. The Executive Director, District and Youth Services became the Vice President, Community Services Division.

Note 12 Salaries, Wages, Benefits and Allowances (Continued)

The Director, Residential Services became the Vice President, Provincial Services Division. The Executive director, Information Services, Director Provincial Initiatives, Director of Urban Services and the Senior Director, National Research Coordination positions were changed. They are not members of the senior decision making group and their salaries are not disclosed.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006		2005
	Budget	Actual	Actual
Internal government transfers:			
Department of Health and Wellness	$ 72,316	$ 72,816	$ 65,649
Premiums, Fees and Licenses:			
Fees:			
Clients	1,538	1,529	1,438
Seminars	-	-	19
	1,538	1,529	1,457
Investment Income (Note 3)	388	544	500
Other:			
Donations	-	21	18
Publications	40	23	33
Miscellaneous - Contracted Services	-	2,509	929
- Sundry & Miscellaneous at Residential sites	42	137	111
- General	-	9	22
	82	2,699	1,113
Total revenues	$ 74,324	$ 77,588	$ 68,719

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS
FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006		2005
EXPENSES BY OBJECT	Budget	Actual	Actual
Manpower:			
Salaries	$ 33,342	$ 32,770	$ 28,918
Employer Contributions	6,217	6,043	5,270
Wages	3,095	3,604	2,873
Allowances and benefits	662	617	276
	43,316	43,034	37,337
Grants:			
Direct financial assistance to agencies [a]	15,443	15,759	14,532
Other:			
Professional, technical, and labor service	8,934	9,046	9,335
Materials and supplies	2,396	3,289	3,071
Travel and relocation	1,314	1,610	1,102
Advertising	1,246	2,688	761
Rentals	403	427	362
Telephones	390	415	352
Voluntary separation payments	-	50	59
Freight and postage	99	65	86
Board members' fees	15	56	39
Purchased services - other	476	507	498
Repair and maintenance	48	250	107
Insurance	47	50	38
Amortization	138	192	126
Hosting	59	67	46
Bad debts (recovery)	-	(37)	57
Other operating expenses	-	2	2
	15,565	18,677	16,041
	$ 74,324	$ 77,470	$ 67,910

Schedule 2(continued)

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS

FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006		2005
EXPENSES BY CORE BUSINESS	**Budget**	**Actual**	**Actual**
Core Business:			
Treatment	$ 47,024	$ 48,459	$ 46,268
Information	14,895	15,656	14,791
Prevention	12,405	13,355	6,851
	$ 74,324	$ 77,470	$ 67,910

(a) For the years ended March 31, 2006 and 2005, direct financial assistance was given to 37 not-for-profit organizations operating at arms-length from the Commission.

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2006

(In thousands)

	2006					2005
			Expenses Incurred by Others			
	Expenses [a]	Accrued Vacation Pay Adjustment	Legal Services [b]	Accommodation costs [c]	Total Expenses	Total Expenses
Programs:						
Community services	$ 37,714	$ (62)	$ -	$ 3,035	$ 40,687	$ 35,287
Residential treatment services	14,406	(11)	-	2,462	16,857	15,872
Detoxification services	12,723	(9)	-	1,769	14,483	10,278
Research information and monitoring	8,723	(18)	-	377	9,082	10,162
Administration	4,014	(10)	47	151	4,202	3,462
	$ 77,580	$ (110)	$ 47	$ 7,794	$ 85,311	$ 75,061

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[a] Expenses – Directly Incurred as per Statement of Operations excluding Accrued Vacation pay adjustment.

[b] Cost shown for Legal Services in Note 10, allocated by estimated cost incurred by each program.

[c] Costs shown for Accommodation (includes grants in lieu of taxes) in Note 10, allocated by square footage.

Unaudited Information

Ministry of Health and Wellness

Unaudited Information

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2006
(UNAUDITED)
(in thousands)

	2006	2005
Remissions:		
Third Party Recoveries	$ -	$ 311
Compromises:		
Health Care Insurance Premiums	137	127
Write-offs:		
Health Care Insurance Premiums	66,301	43,319
Medical Claim Recoveries	1,371	965
Penalties, Interest and Miscellaneous Charges	1,019	824
Total Remissions, Compromises and Write-offs	$ 68,828	$ 45,546

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Health Authority

2005/2006 Financial Statement Highlights

Health Authority financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directives.

This section, compiled from the health authorities' audited financial statements, highlights the financial results of the nine regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board for the fiscal year ended March 31, 2006.

All of the eleven health authorities received an unqualified audit opinion as at March 31, 2006.

Operating Results

- For fiscal year 2005/2006, the health authorities reported a total operating surplus of $66 million. This compares to a prior year surplus of $31 million. Of the eleven health authorities, four reported total deficits of $21 million and seven reported total surpluses of $86.8 million.
- Total 2005/2006 expense was $6.9 billion, compared to $6.3 billion in the prior year – a 9.7 per cent increase, of which 4.7 per cent related to salaries. A total of 50,743 Full Time Equivalents were employed by the health authorities in the year.
- Total administration costs in 2005/2006 were $225 million, or 3.3 per cent of health authority expenditures of $6.9 billion. This compares to total administration costs in 2004/2005 of $204 million, or 3.3 percent of health authority expenditures of $6.3 billion.

Financial Position

- The health authorities reported total net assets of $361 million as at March 31, 2006, an increase of $71 million from the prior year.
- Total health authority long-term debt at March 31, 2006 was $69 million, up from $44 million at March 31, 2005. No health authorities have exceeded their authorized borrowing limits.
- The health authorities reported total capital assets of $3.5 billion at March 31, 2006, up from $3.1 billion in the prior year.

Additional Information

- Copies of the health authorities' audited financial statements form Section II of the Ministry Annual Report.

TABLE I

HEALTH AUTHORITY SUMMARY ANALYSIS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	2005/2006 BUDGET	2005/2006 ACTUAL	% OF TOTAL	2004/2005 ACTUAL	% OF TOTAL	CHANGES FROM 2004/05 TO 2005/06 $	%
REVENUE							
Alberta Health and Wellness contributions	5,863,602	5,851,839	84.6%	5,299,508	84.3%	552,331	10.4%
Other government contributions	87,093	97,714	1.4%	91,195	1.5%	6,519	7.1%
Fees and charges	432,747	457,478	6.6%	422,888	6.7%	34,590	8.2%
Ancillary operations, net	17,264	17,128	0.2%	20,538	0.3%	(3,410)	(16.6%)
Donations	14,414	16,458	0.2%	6,483	0.1%	9,975	153.9%
Research and education	42,746	67,899	1.0%	50,763	0.8%	17,136	33.8%
Investment and other income	174,769	213,964	3.1%	182,814	2.9%	31,150	17.0%
Amortized external capital contributions	197,505	202,311	2.9%	211,593	3.4%	(9,282)	(4.4%)
TOTAL REVENUE	6,830,140	6,924,791	100.0%	6,285,782	100.0%	639,009	10.2%
EXPENSE							
Facility-based inpatient acute nursing services	1,753,512	1,765,457	25.8%	1,618,638	25.9%	146,819	9.1%
Facility-based emergency and outpatient services	782,317	772,195	11.3%	692,956	11.1%	79,239	11.4%
Facility-based continuing care services	602,389	594,316	8.7%	581,496	9.3%	12,820	2.2%
Ambulance services	43,441	44,146	0.6%	26,843	0.4%	17,303	64.5%
Community-based care	292,184	277,655	4.0%	240,562	3.8%	37,093	15.4%
Home care	272,236	268,681	3.9%	243,451	3.9%	25,230	10.4%
Diagnostic & therapeutic services	1,277,181	1,284,241	18.7%	1,177,679	18.8%	106,562	9.0%
Promotion, prevention and protection services	224,356	215,049	3.1%	172,705	2.8%	42,344	24.5%
Research and education	166,334	164,571	2.4%	137,694	2.2%	26,877	19.5%
Administration	236,480	225,341	3.3%	204,410	3.3%	20,931	10.2%
Information technology	136,036	138,917	2.0%	149,679	2.4%	(10,762)	(7.2%)
Support services	959,347	984,427	14.4%	890,399	14.2%	94,028	10.6%
Amortization of facilities and improvements	114,278	117,535	1.7%	110,696	1.8%	6,839	6.2%
Capital assets write down	6,479	6,479	0.1%	7,281	0.1%	(802)	0.0%
TOTAL EXPENSE prior to the following items	6,866,570	6,859,010	100.0%	6,254,489	100.0%	604,521	9.7%
Restructuring / Legal settlement costs AMHB	-	-		94		(94)	
TOTAL EXPENSE	6,866,570	6,859,010		6,254,583		604,427	
Excess (deficiency) of revenue over expense	(36,430)	65,781		31,199		34,582	

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	258,925	259,866	242,153	149,488	149,488	130,847	1,998,740	1,997,855	1,778,273	461,599	455,905	437,418
Other government contributions	4,045	4,382	4,451	3,768	3,768	3,446	19,900	24,403	19,017	10,355	10,052	11,595
Fees and charges	18,428	17,637	18,223	14,205	16,091	14,936	138,705	143,885	136,276	30,890	32,189	30,605
Ancillary operations, net	235	361	243	193	266	275	8,656	8,129	11,464	312	410	262
Donations	306	278	406	300	295	378	4,689	6,898	976	751	929	751
Research and Education	-	-	-	-	-	-	-	-	-	-	-	-
Investment and other income	6,112	7,565	5,831	2,447	3,150	3,322	66,017	84,270	74,317	13,424	14,779	10,500
Amortized external capital contributions	11,278	11,464	10,301	5,384	5,505	5,684	61,101	64,185	62,934	22,641	24,843	19,391
TOTAL REVENUE	299,329	301,553	281,608	175,785	178,563	158,888	2,297,808	2,329,625	2,083,257	539,972	539,107	510,522
EXPENSE												
Facility-based inpatient acute nursing services	68,807	70,229	67,394	43,083	42,331	40,173	656,659	665,354	599,365	137,172	143,984	132,326
Facility-based emergency and outpatient services	18,956	18,894	17,932	8,234	8,478	7,392	303,531	298,864	265,453	35,440	37,003	33,493
Facility-based continuing care services	36,842	35,055	35,772	25,236	22,801	21,164	164,741	165,972	164,747	56,337	56,724	53,293
Ambulance services			-	5,525	5,579	1,445	9,820	10,878	8,292	132	132	118
Community-based care	19,108	19,514	15,616	7,464	8,128	7,352	87,326	85,485	78,350	16,361	15,750	15,446
Home care	15,663	15,359	14,870	8,025	8,608	8,003	102,989	99,103	88,611	21,698	22,119	20,640
Diagnostic & therapeutic services	52,497	51,671	49,405	30,326	31,956	28,799	443,849	445,564	406,067	89,906	93,828	84,003
Promotion, prevention and protection services	12,848	12,918	10,584	5,979	5,415	4,799	57,079	56,388	47,755	18,335	18,225	16,816
Research and education	-	-	-	-	-	-	27,891	30,782	27,273	450	454	359
Administration	12,562	12,457	12,079	6,687	7,377	6,684	77,356	67,504	56,891	25,142	25,477	22,921
Information technology	6,752	5,990	6,120	3,149	3,379	2,728	46,730	50,114	43,681	12,459	12,694	10,766
Support services	46,282	47,831	45,718	31,005	31,577	30,117	289,054	313,576	262,290	105,981	103,264	101,993
Amortization of facilities and improvements	7,863	8,130	6,961	3,200	2,828	3,271	30,783	32,413	30,292	14,080	14,082	13,865
Capital assets write down	-	-	-	-	-	-	-	-	6,698	6,479	6,479	-
TOTAL EXPENSE prior to the following items	298,180	298,048	282,451	177,913	178,457	161,927	2,297,808	2,321,997	2,085,765	539,972	550,215	506,039
Restructuring / Legal settlement costs AMHB												
TOTAL EXPENSE	298,180	298,048	282,451	177,913	178,457	161,927	2,297,808	2,321,997	2,085,765	539,972	550,215	506,039
Excess (deficiency) of revenue over expense	1,149	3,505	(843)	(2,128)	106	(3,039)	-	7,628	(2,508)	-	(11,108)	4,483

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	EAST CENTRAL HEALTH AUTHORITY			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	182,620	184,839	180,576	2,057,205	2,051,710	1,858,329	202,584	202,584	190,316	192,785	191,688	183,840
Other government contributions	4,469	6,679	3,927	36,527	40,610	38,496	2,837	2,453	2,357	1,270	1,409	1,740
Fees and charges	18,693	19,586	19,530	160,583	173,311	156,216	20,909	22,077	20,556	19,222	18,963	16,309
Ancillary operations, net	49	50	38	6,001	6,002	6,258	180	291	303	1,012	836	998
Donations	-	178	220	-	-	-	350	354	368	276	465	380
Research and Education	-	-	-	32,000	55,207	40,946	-	-	-	-	-	-
Investment and other income	1,828	2,964	3,378	57,709	66,857	55,138	5,970	6,378	6,441	4,238	5,877	5,487
Amortized external capital contributions	4,885	4,927	4,884	55,500	55,371	71,386	8,098	7,891	7,818	10,000	9,842	9,910
TOTAL REVENUE	212,544	219,223	212,553	2,405,525	2,449,068	2,226,769	240,928	242,028	228,159	228,803	229,080	218,664
EXPENSE												
Facility-based inpatient acute nursing services	37,669	37,998	33,792	674,483	668,877	619,686	36,167	36,138	34,038	49,392	49,469	46,832
Facility-based emergency and outpatient services	8,789	8,966	9,017	271,097	268,221	246,624	21,539	22,331	18,935	16,668	17,575	15,502
Facility-based continuing care services	38,125	39,440	37,154	225,557	221,113	216,910	30,834	28,915	29,730	20,490	19,662	18,895
Ambulance services	2,787	3,095	2,789	13,559	12,956	10,269	-	-	-	11,618	11,484	3,818
Community-based care	9,740	8,309	8,792	85,294	86,063	66,940	14,261	13,647	12,028	6,663	6,853	5,737
Home care	19,734	20,160	17,917	74,390	74,346	67,025	13,233	12,980	12,372	13,121	13,074	11,395
Diagnostic & therapeutic services	30,879	33,147	28,700	452,214	449,934	424,978	46,658	44,728	41,144	38,610	40,785	37,291
Promotion, prevention and protection services	6,932	6,044	5,751	78,695	75,454	51,432	10,788	10,364	9,463	10,434	10,295	9,382
Research and education	72	20	33	106,262	105,335	85,565	-	-	-	-	25	45
Administration	13,553	13,721	12,602	60,113	56,609	55,648	9,543	9,513	8,779	10,387	10,893	10,716
Information technology	2,843	2,642	2,803	42,249	41,728	62,788	3,959	3,960	3,864	4,325	4,307	3,595
Support services	43,337	43,228	41,434	304,963	306,257	278,791	53,544	52,945	51,869	40,095	39,985	38,949
Amortization of facilities and improvements	3,832	3,593	3,602	34,049	36,010	31,828	5,253	5,190	5,207	7,000	6,894	6,946
Capital assets write down	-	-	-	-	-	-			-	-	-	-
TOTAL EXPENSE prior to the following items	218,292	220,363	204,386	2,422,925	2,402,903	2,218,484	245,779	240,711	227,429	228,803	231,301	209,103
Restructuring / Legal settlement costs AMHB												
TOTAL EXPENSE	218,292	220,363	204,386	2,422,925	2,402,903	2,218,484	245,779	240,711	227,429	228,803	231,301	209,103
Excess (deficiency) of revenue over expense	(5,748)	(1,140)	8,167	(17,400)	46,165	8,285	(4,851)	1,317	730	-	(2,221)	9,561

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	71,224	72,023	67,506	43,491	42,944	35,523	244,941	242,937	194,727	5,863,602	5,851,839	5,299,508
Other government contributions	1,027	1,198	2,323	19	2	307	2,876	2,758	3,536	87,093	97,714	91,195
Fees and charges	6,012	6,914	4,993	-	-	-	5,100	6,825	5,244	432,747	457,478	422,888
Ancillary operations, net	(64)	(90)	(42)	-	-	-	690	873	739	17,264	17,128	20,538
Donations	180	256	463	-	75	-	7,562	6,730	2,541	14,414	16,458	6,483
Research and Education	-	-	-	-	-	-	10,746	12,692	9,817	42,746	67,899	50,763
Investment and other income	1,450	1,541	1,124	314	721	479	15,260	19,862	16,797	174,769	213,964	182,814
Amortized external capital contributions	5,093	5,155	6,019	74	74	197	13,451	13,054	13,069	197,505	202,311	211,593
TOTAL REVENUE	84,922	86,997	82,386	43,898	43,816	36,506	300,626	305,731	246,470	6,830,140	6,924,791	6,285,782
EXPENSE												
Facility-based inpatient acute nursing services	23,991	23,609	19,270	12,963	13,180	12,411	13,126	14,288	13,351	1,753,512	1,765,457	1,618,638
Facility-based emergency and outpatient services	6,513	6,749	5,793	6,686	6,803	6,540	84,864	78,311	66,275	782,317	772,195	692,956
Facility-based continuing care services	4,227	4,634	3,831	-	-	-	-	-	-	602,389	594,316	581,496
Ambulance services	-	22	112	-	-	-	-	-	-	43,441	44,146	26,843
Community-based care	2,434	2,527	2,180	5,778	3,561	2,362	37,755	27,818	25,759	292,184	277,655	240,562
Home care	3,383	2,932	2,618	-	-	-	-	-	-	272,236	268,681	243,451
Diagnostic & therapeutic services	17,910	16,678	15,150	6,079	5,613	5,042	68,253	70,337	57,100	1,277,181	1,284,241	1,177,679
Promotion, prevention and protection services	6,875	6,153	5,507	2,299	2,067	1,289	14,092	11,726	9,927	224,356	215,049	172,705
Research and education	-	-	-	2,768	1,133	795	28,891	26,822	23,624	166,334	164,571	137,694
Administration	5,868	6,556	5,067	6,154	5,046	4,900	9,115	10,188	8,123	236,480	225,341	204,410
Information technology	4,079	3,177	3,367	734	595	1,013	8,757	10,331	8,954	136,036	138,917	149,679
Support services	16,700	16,864	15,309	2,350	2,166	1,008	26,036	26,734	22,921	959,347	984,427	890,399
Amortization of facilities and improvements	3,481	3,626	4,000	-	-	-	4,737	4,769	4,724	114,278	117,535	110,696
Capital assets write down	-	-	583	-	-	-	-	-	-	6,479	6,479	7,281
TOTAL EXPENSE prior to the following items	95,461	93,527	82,787	45,811	40,164	35,360	295,626	281,324	240,758	6,866,570	6,859,010	6,254,489
Restructuring / Legal settlement costs AMHB				-	-	94				-	-	94
TOTAL EXPENSE	95,461	93,527	82,787	45,811	40,164	35,454	295,626	281,324	240,758	6,866,570	6,859,010	6,254,583
Excess (deficiency) of revenue over expense	(10,539)	(6,530)	(401)	(1,913)	3,652	1,052	5,000	24,407	5,712	(36,430)	65,781	31,199

TABLE III

HEALTH AUTHORITY SUMMARY STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY		PALLISER HEALTH REGION		CALGARY HEALTH REGION		DAVID THOMPSON REGIONAL HEALTH AUTHORITY	
	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL
ASSETS								
Cash and investments	9,401	18,698	12,001	10,233	29,314	45,687	20,973	44,890
Accounts receivable	4,522	4,770	4,109	4,457	44,938	34,949	19,528	6,440
Contributions receivable from Alberta Health and Wellness	6,322	3,421	1,589	6,454	63,205	36,713	44,166	6,502
Inventories	2,897	2,314	1,029	982	24,252	21,089	5,935	5,524
Prepaid expenses	4,540	1,578	1,940	1,021	3,384	8,935	2,390	2,768
Current Assets	27,682	30,781	20,668	23,147	165,093	147,373	92,992	66,124
Non-current cash and investments	27,026	16,709	15,045	18,812	436,170	390,961	26,020	29,737
Capital assets	185,550	176,950	74,274	71,719	1,150,236	939,770	417,860	405,415
Other assets	11,861	7,818	10,072	9,999	147,991	18,508	21,669	22,338
TOTAL ASSETS	252,119	232,258	120,059	123,677	1,899,490	1,496,612	558,541	523,614
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	-	-	934	4,731	-	-	-	-
Accounts payable and accrued liabilities	20,337	24,036	12,586	9,713	188,013	160,432	42,426	39,572
Accrued vacation pay	11,433	10,263	6,515	6,124	82,787	74,114	20,702	19,257
Deferred contributions	9,132	6,635	10,522	13,507	87,308	54,494	56,472	19,450
Current portion of long term debt	121	56	-	-	1,108	218	210	201
Current Liabilities	41,023	40,990	30,557	34,075	359,216	289,258	119,810	78,480
Deferred contributions	3,400	3,670	9,594	9,999	31,595	30,657	21,223	21,914
Deferred capital contributions	26,380	15,975	-	-	329,673	221,698	26,020	29,737
Long-term debt	149	178	-	-	62,522	16,717	647	850
Unamortized external capital contributions	168,693	164,674	63,533	63,334	1,016,544	851,470	381,641	372,325
Other liabilities	2,467	367	-	-	4,531	3,423	-	-
TOTAL LIABILITIES	242,112	225,854	103,684	107,408	1,804,081	1,413,223	549,341	503,306
NET ASSETS AND ENDOWMENTS								
Accumulated surplus/(deficit)	(6,730)	(5,788)	5,634	7,884	11,473	3,555	(25,737)	(11,306)
Investment in capital assets from internally funded sources	16,587	12,042	10,741	8,385	83,936	79,834	34,937	31,614
Endowments	150	150	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	10,007	6,404	16,375	16,269	95,409	83,389	9,200	20,308
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	252,119	232,258	120,059	123,677	1,899,490	1,496,612	558,541	523,614
CASH FLOWS								
Cash generated from (used by) operating activities	2,991	5,920	6,467	163	75,016	14,670	(17,658)	(4,254)
Cash used by investing activities	(37,238)	(11,084)	(6,230)	(8,172)	(349,964)	(359,433)	(43,941)	(53,577)
Cash generated from financing activities	24,950	16,349	1,531	10,569	258,575	369,965	37,682	43,365
Increase (decrease) in cash and cash equivalent	(9,297)	11,185	1,768	2,560	(16,373)	25,202	(23,917)	(14,466)
Cash and cash equivalent, beginning of year	18,698	7,513	10,233	7,673	45,687	20,485	44,890	59,356
Cash and cash equivalent, end of year	9,401	18,698	12,001	10,233	29,314	45,687	20,973	44,890
Non-current cash and investments, end of year	27,026	16,709	15,045	18,812	436,170	390,961	26,020	29,737
Total cash, cash equivalent and non-current investments, end of year	36,427	35,407	27,046	29,045	465,484	436,648	46,993	74,627

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	EAST CENTRAL HEALTH		CAPITAL HEALTH		ASPEN REGIONAL HEALTH AUTHORITY		PEACE COUNTRY HEALTH	
	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL
ASSETS								
Cash and investments	15,436	18,334	166,487	176,958	47,061	50,582	22,639	20,620
Accounts receivable	2,146	1,994	109,712	84,787	5,675	4,317	4,618	4,569
Contributions receivable from Alberta Health and Wellness	6,088	1,678	37,192	45,782	3,472	3,774	4,214	8,159
Inventories	637	576	14,337	12,842	1,483	1,452	1,007	1,062
Prepaid expenses	-	-	97,181	67,809	1,420	1,399	930	1,525
Current Assets	24,307	22,582	424,909	388,178	59,111	61,524	33,408	35,955
Non-current cash and investments	19,392	19,663	483,771	470,080	16,347	17,774	6,997	5,347
Capital assets	100,163	91,858	1,000,049	882,028	149,110	128,304	193,853	183,780
Other assets	-	-	409,529	50,314	2,464	2,547	3,419	4,768
TOTAL ASSETS	143,862	134,103	2,318,258	1,790,600	227,032	210,149	237,677	229,850
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	17,177	11,892	196,650	194,600	19,757	19,848	21,805	18,325
Accrued vacation pay	5,838	5,281	81,330	72,322	10,180	9,369	9,893	8,654
Deferred contributions	7,053	5,237	146,929	119,880	11,512	9,274	4,668	7,650
Current portion of long term debt	-	-		807		-	345	34
Current Liabilities	30,068	22,410	424,909	387,609	41,449	38,491	36,711	34,663
Deferred contributions	503	488	51,572	52,674	2,464	2,547	-	-
Deferred capital contributions	18,888	19,175	833,987	460,647	22,865	28,867	7,314	9,696
Long-term debt	-	-	-	25,859	-	-	5,794	102
Unamortized external capital contributions	88,837	85,771	865,699	768,740	137,387	118,694	179,170	174,480
Other liabilities	-	-	14,599	13,744	-	-	-	-
TOTAL LIABILITIES	138,296	127,844	2,190,766	1,709,273	204,165	188,599	228,989	218,941
NET ASSETS AND ENDOWMENTS								
Accumulated surplus/(deficit)	(5,760)	172	6,225	6,605	11,144	11,940	(1,992)	1,745
Investment in capital assets from internally funded sources	11,326	6,087	121,267	74,722	11,723	9,610	10,680	9,164
Endowments	-	-	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	5,566	6,259	127,492	81,327	22,867	21,550	8,688	10,909
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	143,862	134,103	2,318,258	1,790,600	227,032	210,149	237,677	229,850
CASH FLOWS								
Cash generated from (used by) operating activities	2,658	6,769	75,271	40,378	6,495	8,534	5,180	14,220
Cash used by investing activities	(13,727)	(21,843)	(232,795)	(436,710)	(28,333)	(12,379)	(18,732)	(4,697)
Cash generated from financing activities	8,171	20,393	147,053	422,790	18,317	30,950	15,571	6,142
Increase (decrease) in cash and cash equivalents	(2,898)	5,319	(10,471)	26,458	(3,521)	27,105	2,019	15,665
Cash and cash equivalent, beginning of year	18,334	13,015	176,958	150,500	50,582	23,477	20,620	4,955
Cash and cash equivalent, end of year	15,436	18,334	166,487	176,958	47,061	50,582	22,639	20,620
Non-current cash and investments, end of year	19,392	19,663	483,771	470,080	16,347	17,774	6,997	5,347
Total cash, cash equivalent and non-current investments, end of year	34,828	37,997	650,258	647,038	63,408	68,356	29,636	25,967

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION		ALBERTA MENTAL HEALTH BOARD		ALBERTA CANCER BOARD		HEALTH AUTHORITY TOTAL	
	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 ACTUAL	2004/05 ACTUAL
ASSETS								
Cash and investments	4,628	9,122	7,717	8,455	46,477	20,427	382,134	424,006
Accounts receivable	3,209	1,875	203	115	8,549	7,993	207,209	156,266
Contributions receivable from Alberta Health and Wellness	1,284	1,544	3,061	1,460	1,393	4,075	171,986	119,562
Inventories	733	565	-	-	7,092	6,098	59,402	52,524
Prepaid expenses	469	573	779	498	1,648	861	114,681	86,967
Current Assets	10,323	13,679	11,760	10,528	65,159	39,454	935,412	839,325
Non-current cash and investments	1,163	1,643	5,968	125	43,651	39,198	1,081,550	1,010,049
Capital assets	81,399	81,498	215	183	144,607	135,679	3,497,316	3,097,184
Other assets	5,329	1,788	-	-	-	-	612,334	118,080
TOTAL ASSETS	98,214	98,608	17,943	10,836	253,417	214,331	6,126,612	5,064,638
LIABILITIES, NET ASSETS AND ENDOWMENTS								
Bank indebtedness	-	-	-	-	-	-	934	4,731
Accounts payable and accrued liabilities	8,443	6,109	2,318	725	39,500	25,674	569,012	510,926
Accrued vacation pay	2,860	2,624	260	221	6,550	5,927	238,348	214,156
Deferred contributions	3,223	2,299	2,201	833	26,154	21,061	365,174	260,320
Current portion of long term debt	240	360	-	-	-	-	2,024	1,676
Current Liabilities	14,766	11,392	4,779	1,779	72,204	52,662	1,175,492	991,809
Deferred contributions	4	5	1,071	542	-	-	121,426	122,496
Deferred capital contributions	6,488	3,426	-	-	10,381	12,928	1,281,996	802,149
Long-term debt	-	-	-	-	-	-	69,112	43,706
Unamortized external capital contributions	77,536	77,832	41	115	116,649	118,884	3,095,730	2,796,319
Other liabilities	-	-	-	-	-	-	21,597	17,534
TOTAL LIABILITIES	98,794	92,655	5,891	2,436	199,234	184,474	5,765,353	4,774,013
NET ASSETS AND ENDOWMENTS								
Accumulated surplus/(deficit)	(4,443)	2,287	11,878	8,332	26,225	13,062	27,917	38,488
Investment in capital assets from internally funded sources	3,863	3,666	174	68	27,958	16,795	333,192	251,987
Endowments	-	-	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	(580)	5,953	12,052	8,400	54,183	29,857	361,259	290,625
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	98,214	98,608	17,943	10,836	253,417	214,331	6,126,612	5,064,638
CASH FLOWS								
Cash generated from (used by) operating activities	(3,464)	(3,040)	5,237	358	47,178	13,995	205,371	97,713
Cash used by investing activities	(8,882)	(6,694)	(5,975)	381	(30,335)	(18,721)	(776,152)	(932,929)
Cash generated from financing activities	7,852	5,744	-	-	9,207	16,664	528,909	942,931
Increase (decrease) in cash and cash equivalent	(4,494)	(3,990)	(738)	739	26,050	11,938	(41,872)	107,715
Cash and cash equivalent, beginning of year	9,122	13,112	8,455	7,716	20,427	8,489	424,006	316,291
Cash and cash equivalent, end of year	4,628	9,122	7,717	8,455	46,477	20,427	382,134	424,006
Non-current cash and investments, end of year	1,163	1,643	5,968	125	43,651	39,198	1,081,550	1,010,049
Total cash, cash equivalent and non-current investments, end of year	5,791	10,765	13,685	8,580	90,128	59,625	1,463,684	1,434,055

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
Salaries and Benefits	169,731	169,715	161,797	103,108	104,165	93,123	1,162,744	1,168,336	1,056,321	361,681	362,994	340,372
Contracts with health service operators	50,869	49,751	46,935	31,759	29,576	27,474	428,385	425,785	395,023	30,280	33,664	29,379
Contracts under the Health Care Protection Act	-	-	-	-	-	-	14,455	11,965	8,706	-	-	-
Drugs and gases	4,706	5,610	4,736	3,690	3,750	3,340	82,595	87,319	80,053	11,526	11,866	10,918
Medical and surgical supplies	7,333	7,581	7,064	4,150	4,333	4,020	95,944	102,150	90,185	11,817	12,940	11,290
Other contracted services	20,439	19,411	19,790	9,035	9,875	8,327	231,040	235,663	200,595	30,266	32,968	28,960
Interest on long-term debt	-	41	15	-	-	-	-	-	-	33	33	31
Other	32,304	33,278	30,863	20,287	20,297	19,129	222,226	227,261	192,311	70,612	70,966	67,853
Amortization:												
Capital equipment - internally funded	2,467	2,478	2,295	1,500	1,835	1,755	12,069	15,185	14,058	4,936	3,736	3,623
Capital equipment - externally funded	3,860	3,624	3,509	1,900	2,272	2,009	36,439	40,126	29,932	4,714	7,336	5,629
Facilities and Improvements	7,864	8,174	7,004	3,484	3,262	3,704	31,729	33,115	31,075	14,080	13,943	13,865
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	3,947	3,947	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	6,698	2,532	2,532	-
	299,573	299,663	284,008	178,913	179,365	162,881	2,317,626	2,346,905	2,104,957	546,424	556,925	511,920
Less amounts reported in ancillary operations	(1,393)	(1,615)	(1,557)	(1,000)	(908)	(954)	(19,818)	(24,908)	(19,192)	(6,452)	(6,710)	(5,881)
TOTAL EXPENSES	298,180	298,048	282,451	177,913	178,457	161,927	2,297,808	2,321,997	2,085,765	539,972	550,215	506,039

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
Salaries and Benefits	84,636	80,810	78,638	1,118,496	1,114,672	1,030,733	149,491	141,941	135,902	157,068	156,437	137,749
Contracts with health service operators	101,430	102,298	91,904	661,178	662,635	595,023	32,219	31,847	29,164	5,015	5,521	5,375
Contracts under the Health Care Protection Act	-	-	-	4,579	4,036	3,332	-	-	-	-	-	-
Drugs and gases	1,472	1,591	1,641	85,503	85,420	74,052	3,764	3,879	3,626	4,060	4,359	3,934
Medical and surgical supplies	1,198	1,393	1,299	106,767	105,908	89,875	4,041	4,454	3,761	4,183	4,829	4,373
Other contracted services	6,468	5,835	4,845	140,346	136,885	125,190	12,682	14,028	11,947	13,168	15,030	14,178
Interest on long-term debt	-	-	-	3,371	2,523	1,340	-	-	-	-	163	6
Other	18,067	23,410	21,281	244,687	232,756	213,018	34,525	36,099	34,374	33,909	34,277	32,622
Amortization:												
Capital equipment - internally funded	535	744	537	39,000	33,148	37,988	1,866	1,603	1,787	1,250	963	1,212
Capital equipment - externally funded	1,319	1,329	1,315	21,451	25,279	39,171	3,057	2,765	2,690	3,150	3,113	3,074
Facilities and Improvements	3,832	3,593	3,602	34,049	36,396	31,403	5,280	5,217	5,234	7,000	6,909	6,946
Capital assets write down - equipment	-	-	-	-	3,041	14,284	-	-	-	-	(30)	(150)
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	(15)	-
	218,957	221,003	205,062	2,459,427	2,442,699	2,255,409	246,925	241,833	228,485	228,803	231,556	209,319
Less amounts reported in ancillary operations	(665)	(640)	(676)	(36,502)	(39,796)	(36,925)	(1,146)	(1,122)	(1,056)	-	(255)	(216)
TOTAL EXPENSES	218,292	220,363	204,386	2,422,925	2,402,903	2,218,484	245,779	240,711	227,429	228,803	231,301	209,103

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL	2005/06 BUDGET	2005/06 ACTUAL	2004/05 ACTUAL
Salaries and Benefits	62,179	59,491	48,833	5,057	4,016	3,489	118,542	105,712	90,195	3,492,733	3,468,289	3,177,152
Contracts with health service operators	6,699	6,363	5,111	36,217	32,135	28,021	-	-	-	1,384,051	1,379,575	1,253,409
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	19,034	16,001	12,038
Drugs and gases	1,388	1,566	1,193	-	-	-	75,074	69,514	55,572	273,778	274,874	239,065
Medical and surgical supplies	2,021	2,295	1,808	-	-	-	2,802	3,529	2,917	240,256	249,412	216,592
Other contracted services	5,204	5,796	5,949	1,876	1,780	1,426	33,068	35,287	31,296	503,592	512,558	452,503
Interest on long-term debt	-	-	-	-	-	-	-	-	-	3,404	2,760	1,392
Other	12,706	13,152	13,748	2,557	2,125	2,266	52,499	56,577	49,877	744,379	750,198	677,342
Amortization:												
Capital equipment - internally funded	626	636	738	30	34	55	4,006	3,559	3,094	68,285	63,921	67,142
Capital equipment - externally funded	1,500	1,565	1,635	74	74	197	8,897	8,297	8,534	86,361	95,780	97,695
Facilities and Improvements	3,674	3,720	4,161	-	-	-	4,756	4,958	4,724	115,748	119,287	111,718
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	3,947	6,958	14,134
Capital assets write down - facilities and improvements	-	-	583	-	-	-	-	-	-	2,532	2,517	7,281
	95,997	94,584	83,759	45,811	40,164	35,454	299,644	287,433	246,209	6,938,100	6,942,130	6,327,463
Less amounts reported in ancillary operations	(536)	(1,057)	(972)	-	-	-	(4,018)	(6,109)	(5,451)	(71,530)	(83,120)	(72,880)
TOTAL EXPENSES	95,461	93,527	82,787	45,811	40,164	35,454	295,626	281,324	240,758	6,866,570	6,859,010	6,254,583

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	CHINOOK	PALLISER	CALGARY	DAVID THOMPSON	EAST CENTRAL	CAPITAL HEALTH	ASPEN
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	1.2%	0.1%	0.3%	-2.1%	-0.5%	1.9%	0.5%
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	4.2%	4.1%	2.9%	4.6%	6.2%	2.4%	4.0%
III. WORKING CAPITAL							
Current Assets	27,682	20,668	165,093	92,992	24,307	424,909	59,111
Current Liabilities	41,023	30,557	359,216	119,810	30,068	424,909	41,449
WORKING CAPITAL RATIO	0.67	0.68	0.46	0.78	0.81	1.00	1.43
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes unusual items*	87.2%	83.8%	86.0%	82.9%	83.9%	85.4%	84.2%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	2.8	4.1	3.5	4.2	5.1	1.8	3.2
VI. TOTAL FTEs *(excludes Board)*	2,491	1,557	16,443	5,790	1,424	15,938	2,332

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	PEACE	NORTHERN LIGHTS	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2006	HEALTH AUTHORITY TOTAL 2005
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	-1.0%	-7.5%	8.3%	8.0%	0.9%	0.5%
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	4.7%	7.0%	12.6%	3.6%	3.3%	3.3%
III. WORKING CAPITAL						
Current Assets	33,408	10,323	11,760	65,159	935,412	839,325
Current Liabilities	36,711	14,766	4,779	72,204	1,175,492	991,809
WORKING CAPITAL RATIO	0.91	0.70	2.46	0.90	0.80	0.85
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes unusual items*	82.9%	77.0%	106.9%	86.4%	85.3%	84.7%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	4.5	4.9	2.0	5.5	3.1	2.6
VI. TOTAL FTEs *(excludes Board)*	2,368	855	43	1,503	50,743	48,752

TABLE VI

HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	1,993	53	1,940	680	680	-	1,357	3,673	(2,316)	4,329	858	3,471
Laboratory	227	225	2	469	469	-	341	199	142	-	-	-
Medical	5	5	-	11	11	-	10,033	9,492	541	-	-	-
Surgical	197	185	12	205	205	-	3,554	2,363	1,191	-	-	-
Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-
Patient Care/Support	20	29	(9)	-	-	-	863	421	442	-	-	-
Total Expenditures	$ 2,442	$ 497	$ 1,945	$ 1,365	$ 1,365	$ -	$ 16,148	$ 16,148	$ -	$ 4,329	$ 858	$ 3,471

TABLE VI

HEALTH AUTHORITY SUMMARY OF FEDERAL DIAGNOSTIC/MEDICAL EQUIPMENT FUND FOR THE YEAR ENDED MARCH 31, 2006

(In Thousands)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	1,050	1,076	(26)	7,143	7,143	-	794	794	-	76	–	76
Laboratory	165	140	25	-	-	-	346	346	-	443	399	44
Medical	185	176	9	6,117	6,117	-	113	113	-	633	346	287
Surgical	256	263	(7)	1,407	1,407	-	550	550	-	398	726	(328)
Rehabilitation	-	-	-	-	-	-	8	8	-	25	8	16
Patient Care/Support	-	-	-	2,442	2,442	-	81	81	-	187	41	146
Total Expenditures	$ 1,656	$ 1,655	$ 1	$ 17,109	$ 17,109	$ -	$ 1,893	$ 1,893	$ -	$ 1,761	$ 1,521	$ 241

TABLE VI

HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2006
(In Thousands)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL			
	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	2005/06 PLANNED	2005/06 ACTUAL	UNSPENT BALANCE	UNSPENT %
Diagnostic Imaging	644	644	-	-	-	-	18,066	14,921	3,145	17.41%
Laboratory	-	-	-	-	-	-	1,992	1,779	213	10.68%
Medical	-	-	-	2,342	2,342	-	19,439	18,603	836	4.30%
Surgical	-	-	-	-	-	-	6,566	5,698	868	13.22%
Rehabilitation	-	-	-	-	-	-	33	17	16	49.78%
Patient Care/Support	-	-	-	-	-	-	3,594	3,014	579	16.12%
Total Expenditures	$ 644	$ 644	$ -	$ 2,342	$ 2,342	$ -	$ 49,690	$ 44,032	$ 5,658	11.39%

Alphabetical List of Entities' Financial Statements in Ministry 2005/06 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Access to the Future Fund[1]	Advanced Education
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[2]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	

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[1] Established July 10, 2005.

[2] Incorporated December 16, 2005.

Ministry, Department, Fund or Agency	Ministry Annual Report
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Advanced Education	Advanced Education
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Advanced Education	Advanced Education
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Executive Council[1]	Executive Council
Ministry of Finance	Finance
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services

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[1] Ministry includes only the departments so separate departmental financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure and Transportation[1]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[1]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Community Development

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[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	**Ministry Annual Report**
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

Schools, Universities, Colleges and Hospitals Included in the Consolidated Government Reporting Entity on a Modified Equity Basis[4]

School Boards and Schools	**Ministry Annual Report**
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Foundations for the Future Charter Academy Charter School Society	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School Boards and Schools	Ministry Annual Report
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education

School Boards and Schools	**Ministry Annual Report**
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education

Universities	**Ministry Annual Report**
Athabasca University	Advanced Education
The University of Alberta	Advanced Education
The University of Calgary	Advanced Education
The University of Lethbridge	Advanced Education

Colleges	**Ministry Annual Report**
Alberta College of Art and Design	Advanced Education
Bow Valley College	Advanced Education
Grande Prairie Regional College	Advanced Education
Grant MacEwan College	Advanced Education
Keyano College	Advanced Education
Lakeland College	Advanced Education
Lethbridge Community College	Advanced Education
Medicine Hat College	Advanced Education
Mount Royal College	Advanced Education
NorQuest College	Advanced Education
Northern Lakes College	Advanced Education
Olds College	Advanced Education
Portage College	Advanced Education
Red Deer College	Advanced Education

Technical Institutes and The Banff Centre	**Ministry Annual Report**
Northern Alberta Institute of Technology	Advanced Education
Southern Alberta Institute of Technology	Advanced Education
The Banff Centre for Continuing Education	Advanced Education

Regional Health Authorities and Other Health Institutions	**Ministry Annual Report**
Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness

Regional Health Authorities and Other Health Institutions	Ministry Annual Report
Northern Lights Health Region	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness

Ministry Contacts

For further information regarding the contents of this annual report please contact:

Position	Name	Phone Number
Minister of Health and Wellness	Iris Evans	(780) 427-3665 Fax: (780) 415-0961
Deputy Minister of Health and Wellness	Paddy Meade	(780) 422-0747 Fax: (780) 427-1016
Corporate Operations Acting Assistant Deputy Minister	Peter Hegholz	(780) 427-0885 Fax: (780) 422-3672
Health Workforce Assistant Deputy Minister	Richard Butler	(780) 427-1310 Fax: (780) 415-8455
Information Strategic Services Assistant Deputy Minister	Linda Miller	(780) 415-1501 Fax: (780) 422-5176
Program Services Assistant Deputy Minister	Janet Skinner	(780) 415-1599 Fax: (780) 422-3674
Public Health Assistant Deputy Minister	Wayne McKendrick	(780) 415-8913 Fax: (780) 422-3671
Strategic Directions Assistant Deputy Minister	Annette Trimbee	(780) 427-7038 Fax: (780) 415-0570
Communications Executive Director	Mark Kastner	(780) 427-7164 Fax: (780) 427-1171
Human Resources Executive Director	Rick Brick	(780) 427-1060 Fax: (780) 422-1700
Alberta Alcohol and Drug Abuse Commission Chief Executive Officer	Murray Finnerty	(780) 415-0370 Fax: (780) 423-1419

Alberta Ministry of Health and Wellness

Annual Report 2005/2006

SECTION II

HEALTHY U

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Alberta

For further information

For additional copies of this document or Section I contact:

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You can find this document on the Alberta Health and Wellness website – www.health.gov.ab.ca

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ISSN 1492-8884
ISSN 1492-8892; PDF version

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Health Authorities
Contact List

Regional Health Authorities and Provincial Health Boards Contacts

For further information regarding the regional health authorities or provincial health boards, please contact:

2005/2006 Health Authorities	Region	Contact Phone Number
Chinook Regional Health Authority	R1	(403) 388-6009
Palliser Health Region	R2	(403) 528-5633
Calgary Health Region	R3	(403) 943-1111
David Thompson Regional Health Authority	R4	(403) 341-8622
East Central Health	R5	(780) 608-8820
Capital Health	R6	(780) 407-1000
Aspen Regional Health Authority	R7	(780) 349-8705
Peace Country Health	R8	(780) 538-5387
Northern Lights Health Region	R9	(780) 791-6161
Alberta Mental Health Board		(780) 422-2233
Alberta Cancer Board		(780) 412-6300

#1

Chinook Regional Health Authority

Financial Statements

March 31, 2006

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2006

Auditor's Report

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority as at March 31, 2006 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
April 28, 2006

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Pam Whitnack
Chief Executive Officer — Date: ***April 28, 2006***

Chief Operating Officer — Date: ***April 28, 2006***

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2006
(thousands of dollars)

	2006	2005
ASSETS		
Current:		
Cash and investments (Note 3)	$ 9,401	$ 18,698
Accounts receivable (Note 4)	10,844	8,191
Inventories	2,897	2,314
Prepaid expenses	4,540	1,578
	27,682	30,781
Non-current cash and investments (Note 3)	27,026	16,709
Contributions receivable (Note 4)	3,398	-
Capital assets (Note 5)	185,550	176,950
Other assets (Note 6)	8,463	7,818
TOTAL ASSETS	$ 252,119	$ 232,258
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 20,337	$ 24,036
Accrued vacation pay	11,433	10,263
Deferred contributions (Schedule 3)	9,132	6,635
Current portion of long-term debt (Note 8)	121	56
	41,023	40,990
Deferred capital contributions (Note 7)	26,380	15,975
Long-term debt (Note 8)	149	178
Deferred Contributions - Healthy Aging Partnership (Note 9)	3,400	3,670
Unamortized external capital contributions (Note 10)	168,693	164,674
Other liabilities	2,467	367
	201,089	184,864
Net assets:		
Accumulated deficit	(6,730)	(5,788)
Investment in capital assets	16,587	12,042
Operating net assets	9,857	6,254
Endowments	150	150
	10,007	6,404
TOTAL LIABILITIES AND NET ASSETS	$ 252,119	$ 232,258

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006		2005
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 258,925	$ 259,866	$ 242,153
Other government contributions (Note 13)	4,045	4,382	4,451
Fees and charges (Note 14)	18,428	17,637	18,223
Ancillary operations, net (Note 15)	235	361	243
Donations	306	278	406
Investment and other income (Note 16)	6,112	7,565	5,831
Amortization of external capital contributions (Note 10)	11,278	11,464	10,301
TOTAL REVENUE	299,329	301,553	281,608
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	68,807	70,229	67,394
Facility-based emergency and outpatient services	18,956	18,894	17,932
Facility-based continuing care services	36,842	35,055	35,772
Community-based care	19,108	19,514	15,616
Home care	15,663	15,359	14,870
Diagnostic and therapeutic services	52,497	51,671	49,405
Promotion, prevention and protection services	12,848	12,918	10,584
Administration (Note 17)	12,562	12,457	12,079
Information technology	6,752	5,990	6,120
Support services (Note 18)	46,282	47,831	45,718
Amortization of facilities and improvements	7,863	8,130	6,961
TOTAL EXPENSES	298,180	298,048	282,451
Excess (deficiency) of revenue over expenses	$ 1,149	$ 3,505	$ (843)

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006					2005
	Operating					
	Accumulated Surplus/(Deficit)	Invested in Capital Assets from internally funded sources	Total Operating	Endowments	Total	Total
Balance at Beginning of Year	$ (5,788)	$ 12,042	$ 6,254	$ 150	$ 6,404	$ 5,947
Excess (deficiency) of revenue over expense	3,505	-	3,505	-	3,505	(843)
Contributed Assets - Coaldale Health Care Centre	11	87	98	-	98	-
Capital assets internally funded	(7,388)	7,388	-	-	-	-
Land acquired with external funds	-	-	-	-	-	1,300
Amortization on internally funded capital assets	2,893	(2,893)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(252)	252	-	-	-	-
Proceeds on long-term debt to purchase capital assets	289	(289)	-	-	-	-
Balance at end of year	$ (6,730)	$ 16,587	$ 9,857	$ 150	$ 10,007	$ 6,404

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities			
(Deficiency) excess of revenue over expenses	$ (233)	$ 3,505	$ (843)
Non cash transactions:			
Amortization of capital equipment - internally funded	2,467	2,552	2,419
Amortization of capital equipment - externally funded	3,860	3,624	3,509
Amortization of facilities and improvements	7,864	7,924	7,009
Gross amortization of external capital contributions (Note 10)	(11,278)	(11,471)	(10,308)
Gain on disposal of capital equipment	(106)	(74)	(129)
Loss on disposal of facilities and improvements	-	260	-
	2,574	6,320	1,657
Change in non-cash working capital accounts (Note 19)	(5,648)	(3,329)	4,263
Cash (used by) generated from operations	(3,074)	2,991	5,920
Investing activities:			
Purchase of capital assets:			
internally funded	(6,081)	(7,388)	(833)
externally funded - equipment	(8,949)	(2,162)	(3,769)
- facilities & improvements	(11,138)	(7,675)	(8,309)
- land	-	-	(1,300)
Proceeds on sale of capital assets	-	89	229
Capital assets transferred	-	(5,742)	
Change in other assets	(850)	(645)	149
Change in non-current cash	646	(13,715)	2,749
Cash used by investing activities	(26,372)	(37,238)	(11,084)
Financing activities:			
Capital contributions received (Note 7)	18,711	20,242	18,909
Change in non-cash working capital accounts (Note 19)	-	(2,901)	(2,590)
Principal payments on long term debt used to fund capital assets	56	(252)	(70)
Proceeds on long-term debt	-	289	-
Capital assets transferred		5,742	-
Change in other liabilities	14	2,100	299
Change in deferred contributions-Health Aging Partnership	(238)	(270)	(199)
Cash generated from financing activities	18,543	24,950	16,349
Increase (decrease) in cash and investments	(10,903)	(9,297)	11,185
Cash and investments, beginning of year	18,461	18,698	7,513
Cash and investments, end of year	$ 7,558	$ 9,401	$ 18,698
Cash and cash equivalents are defined as follows:			
Cash and investments	$ 7,558	$ 9,401	$ 18,698

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

(Thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of South-western Alberta
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex
- Raymond Care Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directives 24 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority participates in a defined benefit plan for a prescribed class of employees. Benefits are based on years of service and 1.75% of the excess of average of full calendar year earnings over a consecutive five year period for which such average is highest over average of maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the same consecutive five year period multiplied by the member's total years of healthcare (LAPP) eligible service after December 31, 1991. The plan is unfunded. The Authority accrues its obligation for the defined benefit pension plan as the employee renders the service necessary to earn benefits.

The Authority fully accrues its obligations for employee non-pension future benefits.

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2006 because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 15 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

The Authority is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the Authority's facilities, due in part to the Authority's maintenance procedures, and the fact that the Authority does not have plans for major changes that would require the removal of asbestos, the timing of the removal of

Note 2 Significant Accounting Policies and Reporting Practices (continued)

asbestos in the Authority's facilities is indeterminate as at March 31, 2006. As a result, the Authority is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2006		2005	
	Market Value	Carrying Value	Market Value	Carrying Value
Cash and equivalents	$ 24,046	$ 24,046	$ 23,835	$ 23,835
Term deposits (i)	647	647	634	634
Fixed income securities (ii)	9,747	9,654	9,374	8,931
Equities (iii)	3,118	2,080	2,769	2,007
	$ 37,558	36,427	$ 36,612	35,407
Amount held for non-current purposes		(27,026)		(16,709)
		$ 9,401		$ 18,698

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(i) Term deposits with Alberta Treasury Branches maturing as follows:
- Maturing May 2006 and bearing interest at 3.75%.
- Maturing July, 2009 and bearing interest at 4.27% paid annually.

(ii) Fixed-income securities have an average effective yield of 4.94% per annum for securities maturing between 1 and 10 years. As at March 31, 2006, the securities have the following term structure based on par:

	%
1 to 5 years	37.77
5 to 10 years	37.77
Over 10 years	24.46

Note 3 Cash and Investments (continued)

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2006	2005
Endowments	$ 150	$ 150
Externally restricted for capital acquisitions	26,380	15,975
Externally restricted for specific purposes	496	584
	$ 27,026	$ 16,709

Note 4 Accounts Receivable

	2006	2005
Contributions receivable	$ 9,720	$ 3,421
Accounts receivable - patient and other	4,522	4,770
	14,242	8,191
Non-current contributions receivable	(3,398)	-
	$ 10,844	$ 8,191

Note 5 Capital Assets

	Cost					Accumulated Amortization						
	Opening Balance	Cost Transfers from CIP	Additions	Disposals	Closing Balance	Opening Balance	Transfers	Current Year Amortization	Amortization on Disposals	Closing Balance	Net Book Value 2006	Net Book Value 2005
Land	$ 3,702	$ 57	$	$ 47	$ 3,712	$ -	$ -	$ -	$ -	$ -	$ 3,712	$ 3,700
Other Non-depreciable Assets	46	-	-	-	46	-	-	-	-	-	$ 46	$ 46
Land Improvements	4,192	123		15	4,300	3,684	79	100	10	3,853	$ 447	$ 508
Buildings and Improvements	249,375	2,960		1,099	251,236	99,836	1,738	6,517	298	107,793	$ 143,443	$ 149,539
Building Service Equipment	-	10,778		-	10,778	-	3,210	612	-	3,822	$ 6,956	$ -
Leasehold Improvements	1,208	1	-	-	1,209	136	-	93	-	229	$ 980	$ 1,072
Major Equipment - Other	62,972	607	4,314	5,634	62,259	47,264	587	4,503	5,623	46,731	$ 15,528	$ 15,708
Major Equipment - Information Systems	13,524	-	129	231	13,422	10,989		1,539	226	12,302	$ 1,120	$ 2,535
Major Equipment - Software Licenses	826	10	111	-	947	402	10	134	-	546	$ 401	$ 424
Construction in Progress (CIP)	3,416	(3,204)	12,705	-	12,917	-	-	-	-	-	$ 12,917	$ 3,416
	$ 339,261	$ 11,332	$ 17,259	$ 7,026	$ 360,826	$ 162,311	$ 5,624	$ 13,498	$ 6,157	$ 175,276	$ 185,550	$ 176,950

Assets comprised the Coaldale Health Care Centre acquired from the Province which are included in the above transferred amount.

	Cost	Accumulated Amortization	Net Transferred
Land	$ 57	$ -	$ 57
Land Improvements	123	79	44
Buildings & Improvements	10,339	4,828	5,511
Building Service Equipment	230	120	110
Major Equipment - Other	607	587	20
Major Equipment Software Licenses	10	10	-
	$ 11,366	$ 5,624	$ 5,742

(a) Land

Land at the Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre has been provided to the Authority at nominal value.

(b) Leased Capital Assets

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and Improvements[1]	$ 38,586	$ 9,149	$ 23,437	$ 24,516
Major Equipment - Other	414	133	281	76
	$ 39,000	$ 9,282	$ 23,718	$ 24,592

[1] The building and improvements under capital lease pertain to the transfer of assets from St. Michael's Health Centre and Coaldale Health Care Centre to Alberta Infrastructure. Alberta Infrastructure subsequently leased these assets to the Authority.

Note 5 Capital Assets (continued)

Capital assets have been funded from the following sources:

	2006	2005
Externally funded	$ 168,693	$ 164,674
Internally funded	16,587	12,042
Financed by debt	270	234
	$ 185,550	$ 176,950

Note 6 Other Assets

	2006	2005
Long-term receivable		
Supportive Living Options	$ 8,402	$ 7,739
Participating Physicians	61	79
	$ 8,463	$ 7,818

The amounts included in the Supportive Living Options are forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

The Chinook Health Region provided financial assistance to participating physicians to assist in a portion of costs of the Sleep Apnea clinic. These costs will be reimbursed to the Chinook Health Region over the term of the existing agreement of 5 years.

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness	$ 6,476	$ 8,243
Restricted other government	12,971	9,645
Restricted investment income (Note 16)	14	11
Other	53	316
Regional shared information program		75
Transferred from (to) deferred contributions (Schedule 3)		
Donations	942	658
Other	(214)	(39)
	20,242	18,909
Transferred (to) from:		
Unamortized external capital contributions (Note 10)		
Other	(8,895)	(11,345)
Donations	(942)	(658)
Regional shared information program	-	(75)
	(9,837)	(12,078)
Investment in Capital Assets	-	(1,300)
	(9,837)	(13,378)
Change during the year	10,405	5,531
Balance beginning of year	15,975	10,444
Balance, end of year	$ 26,380	$ 15,975
Balance at end of year is restricted for the following purposes:		
Equipment replacement	3,581	1,335
New construction	22,799	14,640
	$ 26,380	$ 15,975

Note 8 Long-term Debt

	2006	2005
Debentures	$ -	$ 138
Obligations under capital leases	270	96
	270	234
Less: current portion	121	56
Long-term portion	$ 149	$ 178

Note 8 Long term Debt (continued)

Future payments	Capital Leases
For the year ended March 31:	
2007	$ 121
2008	121
2009	28
2010 and thereafter	-
	$ 270

Capital leases expire on various dates to June, 2008.

Note 9 Deferred Contributions – Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the Region's residents are recorded as long-term deferred contributions.

During the year the Authority amortized $238 (2005 - $257) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

Note 10 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (b) (iii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	$ 164,674	$ 162,904
Transfers from deferred capital contributions (Note 7)		
Other	8,895	11,345
Donations	942	658
Regional shared health information program	-	75
Other	5,653	
	15,490	12,078
Less amounts recognized as revenue		
Amortized external capital contributions: Equipment	(3,622)	(3,505)
Amortized external capital contributions: facilities and improvements	(7,842)	(6,796)
Amortization - Ancillary operations	(7)	(7)
	(11,471)	(10,308)
Balance, end of year	$ 168,693	$ 164,674

Note 11 Budget

	2006 Approved Budget [1]	Additional Funding [2]	2006 Reported Budget
Revenue:			
Alberta Health and Wellness contributions	$ 257,543	$ 1,382	$ 258,925
Other government contributions	4,045	-	4,045
Fees and charges	18,428	-	18,428
Net ancillary operations	235	-	235
Donations	306	-	306
Investment and other income	6,112	-	6,112
Amortization of external capital contributions	11,278	-	11,278
Total revenue	297,947	1,382	299,329
Expenses:			
Facility-based inpatient acute nursing care services	68,807	-	68,807
Facility-based emergency and outpatient services	18,956	-	18,956
Facility-based continuing care services	36,842		36,842
Community-based care	19,108	-	19,108
Home care	15,663	-	15,663
Diagnostic and therapeutic services	52,497	-	52,497
Promotion, prevention and protection services	12,848	-	12,848
Administration	12,562	-	12,562
Information technology	6,752	-	6,752
Support services	46,282	-	46,282
Amortization of facilities and improvements	7,863	-	7,863
Total expenses	298,180	-	298,180
Excess of revenue over expense	$ (233)	$ 1,382	$ 1,149

(1) The budget was approved by the members of the Authority on May 11, 2005 and submitted to the Minister of Health and Wellness.

(2) On March 23, 2006, Alberta Health & Wellness announced additional funding to address paid nursing hours in long-term care facilities.

Note 12 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions	$ 251,155	$ 234,758
Transfers from deferred contributions (Schedule 3)	8,295	6,960
Healthy Aging Partnership (Note 9)	238	257
Alberta Health and Wellness payments to contract operators		
Non-district nursing home capital upgrade progam	178	178
	$ 259,866	$ 242,153

Note 13 Other Government Contributions

	2006	2005
Person's with Developmental Disabilities		
South Alberta Board (Schedule 3)	$ 2,297	$ 2,387
Transfers from deferred contributions (Schedule 3)	1,017	780
Alberta Infrastructure (Schedule 3)	110	346
	3,424	3,513
Fair value of rent less rent charges for non-acute care facilities used by the Authority	958	938
	$ 4,382	$ 4,451

Note 14 Fees and Charges

	Inpatient/Resident		Outpatient		Total	Total
	2006	2005	2006	2005	2006	2005
Acute Care						
Uninsured resident of Alberta	$ 67	$ 9	$ 57	$ 32	$ 124	$ 41
Out-of-province	1,576	1,371	1,349	1,300	2,925	2,671
Out-of-country base amount	46	118	55	66	101	184
Out-of-country surcharge	58	148	50	64	108	212
WCB Standard charges	510	311	1,028	1,044	1,538	1,355
Federal	45	9	68	65	113	74
Uninsured medical services	65	42	218	158	283	200
Continuing care standard ward	87	101	-	-	87	101
Continuing care semi-private	47	63	-	-	47	63
Continuing care private	88	76	-	-	88	76
	$ 2,589	$ 2,248	$ 2,825	$ 2,729	$ 5,414	$ 4,977
Continuing Care						
Continuing care standard ward	$ 308	$ 307	$ -	$ -	$ 308	$ 307
Continuing care semi-private	2,263	2,327	-	-	2,263	2,327
Continuing care private	1,953	1,964	-	-	1,953	1,964
Out-of-province	1	-	-	-	1	-
	$ 4,525	$ 4,598	$ -	$ -	$ 4,525	$ 4,598
Home Care						
Homemaking Fees	$ -	$ -	$ 28	$ 19	$ 28	$ 19
Public Health	$ -	$ -	$ 228	$ 264	$ 228	$ 264
Other	$ 7,399	$ 8,329	$ 43	$ 36	$ 7,442	$ 8,365
Total	$ 14,513	$ 15,175	$ 3,124	$ 3,048	$ 17,637	$ 18,223

Note 15 Ancillary Operations

	2006						2005
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 1,218	$ 88	$ 377	$ 286	$ 1,969	$ 1,628	$ 1,793
Amortization of deferred capital contributions	-	2	5	-	7	-	7
	$ 1,218	$ 90	$ 382	$ 286	$ 1,976	$ 1,628	$ 1,800
Expenses							
Other expenses	1,117	88	60	297	1,562	1,345	1,505
Amortization	5	2	46	-	53	48	52
	$ 1,122	$ 90	$ 106	$ 297	$ 1,615	$ 1,393	$ 1,557
Excess (deficiency) of revenues over expenses	$ 96	$ -	$ 276	$ (11)	$ 361	$ 235	$ 243

Note 16 Investments and Other Income

	2006	2005
Investment Income Earned		
Unrestricted resources	$ 1,193	$ 1,691
Restricted resources for capital assets	14	11
Resources held for endowment	7	5
	1,214	1,707
Other Income		
Transfers from deferred contributions (Schedule 3)	1,611	1,469
Other	4,754	2,666
	7,579	5,842
Less amounts deferred:		
Restricted for capital asset acquisition (Note 7)	(14)	(11)
Restricted for special purpose programs	-	-
	$ 7,565	$ 5,831

Investment income is comprised of interest and dividends and gains or losses on the sale of investments.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 17 Administration

	2006	2005
General administration	$ 6,739	$ 6,456
Finance	1,686	1,625
Human Resources	2,178	2,058
Administration - contract operators (Schedule 4)	1,854	1,940
	$ 12,457	$ 12,079

Note 18 Support Services

	2006	2005
Bad Debt Expense	$ 108	$ 613
Bio-Medical Engineering	796	740
Building maintenance, operations and security	13,784	11,728
Communications	719	661
Education	804	775
Housekeeping	4,749	4,520
Laundry and linen	207	198
Materials management	4,459	4,114
Patient food services	7,596	7,208
Patient health records	2,784	2,631
Patient registration	1,356	1,269
Patient transportation	1,881	1,802
Volunteer services	432	370
Support Services-contract operators (Schedule 4)	8,156	9,089
	$ 47,831	$ 45,718

Note 19 Changes in Non-Cash Working Capital Accounts

	2006	2005
Accounts receivable	$ (2,653)	$ (2,863)
Inventories	(583)	(203)
Prepaid expenses	(2,962)	15
Accounts payable and accrued liabilities	(3,699)	1,421
Accrued vacation pay	1,170	704
Current portion of deferred contributions	2,497	2,599
	$ (6,230)	$ 1,673
Reflected in the Statement of Cash Flows as:		
Operating activities	$ (3,329)	$ 4,263
Financing activities	(2,901)	(2,590)
	$ (6,230)	$ 1,673

Note 20 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Minister of Health and Wellness since the viability of its on-going operations depends on contributions from the Minister. Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Transactions between the Authority and the Province of Alberta are disclosed in the Statement of Operations and in the notes and Schedule 3 to the financial statements.

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

Note 20 Related Parties (continued)

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2006	2005
Total assets	$ 216	$ 183
Total liabilities	(3)	(3)
Net assets	$ 213	$ 180
Revenue	$ 165	$ 200
Expenses	(132)	(113)
Excess of revenue over expenses	$ 33	$ 87

The resources of the Foundation amounting to $78 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2006	2005
Total assets	$ 25	$ 28
Total liabilities	(12)	(3)
Net assets	$ 13	$ 25
Revenue	$ 54	$ 52
Expenses	(67)	(33)
Excess (deficiency) of revenue over expenses	$ (13)	$ 19

The resources of the Foundation amounting to $nil have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

Note 20 Related Parties (continued)

(iii) North County Health Foundation (established October 16, 1997)

	2006	2005
Total assets	$ 41	$ 73
Total liabilities	-	(7)
Net assets	$ 41	$ 66
Revenue	$ 28	$ 62
Expenses	(53)	(53)
Excess (deficiency) of revenue over expenses	$ (25)	$ 9

The resources of the Foundation amounting to $5 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2006	2005
Total assets	$ 63	$ 63
Total liabilities	(1)	(1)
Net assets	$ 62	$ 62
Revenue	$ 31	$ 31
Expenses	(3)	(3)
Excess of revenue over expenses	$ 28	$ 28

The resources of the Foundation amounting to $nil have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

Note 20 Related Parties (continued)

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2006	2005
Total assets	$ 72	$ 59
Total Liabilities	(6)	(5)
Net assets	$ 66	$ 54
Revenue	$ 145	$ 157
Expenses	(134)	(154)
Excess of revenue over expenses	$ 11	$ 3

The resources of the Foundation amounting to $13 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 107	$ 78	$ 175	$ 37
Cardston and District Health Foundation	42	7	-	12
North County Health Foundation	36	32	5	35
Fort Macleod and District Health Foundation	-	-	-	-
Windy Slopes Health Foundation	103	122	13	53
	$ 288	$ 239	$ 193	$ 137

Note 20 Related Parties (continued)

(c) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 581	$ 543	$ 4,684	$ 362
Taber and District Health Foundation	65	73	566	368
	$ 646	$ 616	$ 5,250	$ 730

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 20 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		As at March 31	
	2006	2005	2006	2005
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 19	$ 18	$ 3	$ 3
Cardston and District Health Foundation	19	18	12	3
North County Health Foundation	15	12	-	7
Fort Macleod and District Health Foundation	-	-	-	-
Windy Slopes Health Foundation	19	17		5
Other Foundations:				
Lethbridge Regional Hospital Foundation	258	220	80	263
Taber and District Health Foundation	12	14	44	4
	$ 342	$ 299	$ 139	$ 285

(d) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2006, $19 (2005 - $35) was due to the Authority for net inter-entity transactions.

Note 20 Related Parties (Continued)

(e) Voluntary and Private Health Service Operations

The Authority has an economic interest through its contracts with voluntary and private health service operators to provide health services in the Region. Details are presented in Schedule 4.

(f) Regional Shared Health Information Program ("RSHIP")

The Authority participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The Purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating regions to process patient data and to provide health care services to the public; to share information, expertise and resources; and to develop, implement and manage consistent and scaleable standards across regions as a foundation to the ongoing development of electronic health records.

The Authority may only terminate its participation in RSHIP as a direct and demonstrable result of a Ministry Directive by providing 180 days notice to the other parties. In addition, the Authority may terminate its participation in RSHIP in the event of any other region is in material breach of the terms of conditions of the Governance Agreement on 60 days notice or where any other region is in breach of its obligation confidentiality.

Funding is provided by Alberta Health and Wellness as follows:

RSHIP	$4,783
Community Care Systems Project	547
	$5,330

The Authority accounts for its interest in RSHIP on a proportionate consolidation basis.

Note 21 Pension Costs

a) The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $8,090 for the year ended March 31, 2006 (2005 - $7,064).

At December 31, 2005, the Local Authorities Pension Plan reported a deficiency of $863,558 (2004 - deficiency of $1,288,924).

d) The Authority established a defined benefit pension plan for a prescribed class of employees effective March 3, 2004. The pension plan is unfunded. At March 31, 2006 the unamortized accrued benefit obligation is $391. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as of March 31, 2006 are as follows:

Discount Rate	6.00%
Increase in pensionable earnings	3.50%
Increase in maximum pension permitted Under income tax act	3.50%

Note 22 Commitments and Contingencies

a) The Authority is committed to future capital upgrade projects in the amount of $6,850. The Authority procured natural gas futures brokered through Cinergy Canada Inc. for the period of April 1, 2006 to October 31, 2006. This natural gas was contracted for supply to the Lethbridge Regional, Crowsnest Pass, Raymond, Taber, Fort Macleod, Milk River and St. Michael's Health Care facilities for 500 gigajoules per day. All usage above this amount during the contract period is purchased from the spot market.

b) The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to June, 2008.

c) The Authority has not recognized a liability of certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value cannot be reasonable estimated as the settlement dates are unknown.

d) The Authority, in the conduct of its normal activities, is named a defendant in various legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of management that adequate provision for these proceedings have been made in the Authority's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the Authority, however, should any loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the Authority.

e) The Authority has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under LAPP. The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1.25 billion. The outcome of the claim is not determinable.

f) The Authority has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2003. The outcome of the claim is not determinable.

Note 23 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority.

Schedule 1

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	$ 169,731	$ 169,715	$ 161,797
Contracts with health service operators (Schedule 4)	50,869	49,751	46,935
Drugs and gases	4,706	5,610	4,736
Medical and surgical supplies	7,333	7,581	7,064
Other contracted services	20,439	19,411	19,790
Interest on long term debt	-	41	15
Other[1]	32,304	33,278	30,863
Amortization:			
Capital equipment - internally funded	2,467	2,478	2,295
Capital equipment - externally funded	3,860	3,624	3,509
Facilities and improvements	7,864	8,174	7,004
	299,573	299,663	284,008
Less amounts reported in ancillary operations (Note 15)	(1,393)	(1,615)	(1,557)
	$ 298,180	$ 298,048	$ 282,451

[1] Other

Included in other expense are the following:

	Budget	2006	2005
Supplies	$ 14,441	$ 14,781	$ 13,764
Minor equipment and maintenance	6,092	6,653	6,436
Travel	3,542	3,667	3,596
Utilities	4,675	5,463	4,401
Other	3,554	2,714	2,666
	$ 32,304	$ 33,278	$ 30,863

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

Schedule 2

		2006							2005			
						Severance[4]						
		Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Benefits, Honoraria[2][3]	Severance[4]	Total
Authority/Member Compensation												
Chairperson	Ady, Jack	1	$ 35	$ -	$ 35	-	$ -	$ 35	1	$ 30	$ -	$ 30
Members	Bier, Donna	1	13	1	14	-	-	14	1	12	-	12
	Bishoff, Phyllis	1	9	-	9	-	-	9	1	8	-	8
	Farr, James	1	15	-	15	-	-	15	1	11	-	11
	Hickman, Lloyd	1	12	1	13	-	-	13	1	7	-	7
	Kelly, Inez	1	9	-	9	-	-	9	1	9	-	9
	Marra, Sam	1	11	-	11	-	-	11	1	16	-	16
	Olsen, Thaine	1	11	-	11	-	-	11	1	9	-	9
	Paterson, Beverley	1	13	-	13	-	-	13	1	13	-	13
	Reti, Roy	1	10	-	10	-	-	10	1	10	-	10
	Sanford, Arthur	1	12	-	12	-	-	12	1	12	-	12
	Schindeler, Douglas J.	1	12	-	12	-	-	12	1	13	-	13
Total Honoraria		12	162	2	164	-	-	164	12	150	-	150
Staff Compensation												
Chief Executive Officer[5, 6]		1.00	243	72	315	-	-	315	0.10	30	-	30
Chief Executive Officer - (retired)[5, 6]		-	-	-	-	-	-	-	0.90	581	-	581
Management reporting to CEO:												
Chief Clinical Officer[6]		1.00	304	-	304	-	-	304	0.10	24	-	24
Chief Operating Officer[6]		1.00	181	50	231	-	-	231	0.10	23	-	23
Executive Director Fund Development		1.00	108	24	132	-	-	132	1.00	126	-	126
Director Corporate Communications		1.00	86	21	107	-	-	107	1.00	89	-	89
Director Corporate Planning & Support		1.00	97	19	116	-	-	116	1.00	113	-	113
Director Issues Management		1.00	116	9	125	-	-	125	1.00	117	-	117
Director of Planning		1.00	112	21	133	-	-	133	1.00	116	-	116
Manager of Executive Suite		1.00	75	11	86	-	-	86	-	-		-
Senior Vice President[6]		-	-	-	-	-	-	-	0.90	185	-	185
Vice President Medical Services[6]		-	-	-	-	-	-	-	0.90	267	-	267
Vice President Finance & Administration[6]		-	-	-	-	-	-	-	0.90	142	-	142
		-										
Other management persons reporting directly to those above		11.00	1,335	255	1,590	-	-	1,590	20.00	2,425	-	2,425
Other Management		111.88	9,423	2,460	11,883	-	-	11,883	95.01	9,573	68	9,641
Medical Doctors not included above		5.83	1,718	279	1,997	-	-	1,997	6.04	1,924	-	1,924
Regulated Nurses not included above - RN's, Reg. Psych Nurses, Grad Nurses		733.75	53,115	11,268	64,383	1	6	64,389	752.89	61,939	-	61,939
LPN's		170.42	6,704	1,479	8,183	1	3	8,186	167.69	8,390	71	8,461
Other Health Technical and Professionals		448.28	30,118	6,210	36,328	-	-	36,328	404.60	32,329	-	32,329
Unregulated Health Service Providers		159.56	4,697	1,094	5,791	-	-	5,791	147.67	5,711	14	5,725
Other Staff		840.99	30,960	6,794	37,754	4	84	37,838	843.02	37,319	71	37,390
Total Staff Compensation		2,490.71	139,392	30,066	169,458	6	93	169,551	2,445.82	161,423	224	161,647
Total		2,502.71	$ 139,554	$ 30,068	$ 169,622	6	$ 93	$ 169,715	2,457.82	$ 161,573	$ 224	$ 161,797

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

1) Full Time Equivalent (FTE is determined at the rate of 2022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 4,210 (2005 – 4,147).

"Individuals" are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short term disability, earned vacation leave and other remuneration.

3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, car allowance, professional membership, recruitment and relocation expenses and tuition.

4) Severance includes all monies paid or payable directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severance's disclosed in the schedule is the discrete number of individuals.

5) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowance.

6) The Chief Executive Officer retired February 28, 2005.

The Senior Vice President assumed responsibility of the Chief Executive Officer on March 1, 2005.

The Vice President Finance and Administration assumed responsibility of the Chief Operating Officer on March 1, 2005 accepting new responsibilities.

The Vice President Medical Services assumed responsibility of the Chief Clinic Officer on March 1, 2005.

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
AS AT MARCH 31, 2006
(thousands of dollars)

Schedule 3

SCHEDULE OF DEFERRED CONTRIBUTIONS		Amounts received or receivable				Amounts recognized as revenue							
	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Foundations and Other	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Investments and other	Transfer to Equity	Contributions Returned	Transfers (to)/From Capital	Closing Balance March 31, 2006
Alberta Health and Wellness:													
Aboriginal Health Initiative	$ 46	$ 49	$ -	$ -	$ -	$ 42	$ -	$ -	$ -	$ -	$ -	$ -	$ 53
Aboriginal Seniors	-	45	-	-	-	8	-	-	-	-	-	-	37
Ambulance Transition	152	-	-	-	-	1	-	-	-	-	-	-	151
Capacity building fund (integrated chronic disease prevention and management)	956	655	-	-	-	1,388	-	-	-	-	-	-	223
Early childhood development	289	435	-	-	-	660	-	-	-	-	-	-	64
Early childhood development-mental health	-	174	-	-	-	174	-	-	-	-	-	-	-
Emergency Medical Technician-Paramdic Training	139	-	-	-	-	-	-	-	-	-	-	-	139
Enhancement of Discharge Planning	6	-	-	-	-	5	-	-	-	-	(1)	-	-
Equity buyout - Coaldale	914	-	-	-	-	-	-	-	-	(914)	-	-	-
Health Families (Action for Health)	-	100	-	-	-	96	-	-	-	-	-	-	4
Immunization ARI (Enhanced Surveillance)	-	250	-	-	-	-	-	-	-	-	-	(9)	241
Immunization Grant	273	64	-	-	-	318	-	-	-	-	-	-	19
Information security compliance	312	270	-	-	-	14	-	-	-	-	-	(62)	506
Innovation Funds-MH Child's Service	-	739	-	-	-	-	-	-	-	-	-	-	739
Innovation Funds-MH Seniors Outreach	-	390	-	-	-	-	-	-	-	-	-	-	390
Innovation Funds-Shared Mental Health Network	-	509	-	-	-	-	-	-	-	-	-	-	509
InterRAI tools for resident Assessment	-	173	-	-	-	-	-	-	-	-	-	-	173
Max Utilization of Specialty Assessment Resources Across the Continum of Care	167	-	-	-	-	81	-	-	-	-	-	-	86
Primary Care Access and Office Redesign	-	500	-	-	-	-	-	-	-	-	-	-	500
Regional Health Information Program - CCSP	65	358	-	-	-	17	-	-	-	-	-	-	406
RSHIP	17	-	-	-	-	-	-	-	-	-	-	(17)	-
Rural on call	282	1,365	-	-	-	1,295	-	-	-	-	-	-	352
Safe Lifting Devices for LTC Residents	-	431	-	-	-	-	-	-	-	-	-	-	431
Service delivery changes	434	-	-	-	-	128	-	-	-	-	-	-	306
Smallpox Prepardness	-	9	-	-	-	8	-	-	-	-	-	-	1
Specialist on call	1,146	4,348	-	-	-	3,878	-	-	-	-	-	-	1,616
Stanford Management Training	63	163	-	-	-	37	-	-	-	-	-	-	189
System transition	162	-	-	-	-	85	-	-	-	-	-	3	80
Taber Project	19	-	-	-	-	-	-	-	-	-	-	-	19
Telehealth Clinical Funding	-	177	-	-	-	-	-	-	-	-	-	-	177
Telehealth Grant	-	60	-	-	-	60	-	-	-	-	-	-	-
Sub-Total	5,442	11,264	-	-	-	8,295	-	-	-	(914)	(1)	(85)	7,411
Other Government contributors:													
AADAC grant	38	-	49.00	-	-	-	55	-	-	-	(2)	-	30
AHFMR-Seniors Health	6	-	-	-	-	-	-	-	-	-	-	-	6
Lethbridge Youth Foundation (sponsor for Health Canada)	-	-	139.00	-	-	-	139	-	-	-	-	-	-
Persons with Development Disabilites (SDU unit)	36	-	2,333.00	-	-	-	2,297	-	-	-	-	-	72
Southwest Alberta Child and Family Services Authority - Families First	-	-	341.00	-	-	-	341	-	-	-	-	-	-
Southwest Alberta Child and Family Services Authority - First Steps	-	-	232.00	-	-	-	232	-	-	-	-	-	-
Staff Cessation-Health Canada funding	-	-	60.00	-	-	-	60	-	-	-	-	-	-
Transfer from Capital-Infrastructure Admin fee Feasibility Studies	-	-	-	-	-	-	300	-	-	-	-	299	(1)
Sub-Total	80	-	3,154	-	-	-	3,424	-	-	-	(2)	299	107

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS (continued)
AS AT MARCH 31, 2006

(thousands of dollars)

SCHEDULE OF DEFERRED CONTRIBUTIONS		Amounts received or receivable				Amounts recognized as revenue							
Foundations and other:	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Foundations and Other	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Investments and other	Transfer to Equity	Contributions Returned	Transfers (to)/From Capital	Closing Balance March 31, 2006
Donations	585	-	-	1,132	-	-		278				(942)	497
Other Contributors:													
Aboriginal Council Funding	-	-	-	-	64	-	-	-	63	-	-	-	1
Aboriginal Healthy Life Styles (Aboriginal Council Funding)	-	-	-	-	17	-	-	-	-	-	-	-	17
Aboriginal Home Visitation (Aboriginal Council Funding)	-	-	-	-	38	-	-	-	12	-	-	-	26
AHFMR-SEARCH grant	15	-	-	-	-	-	-	-	7	-	-	-	8
Alberta Cancer Board-Cervical screening program	20	-	-	-	55	-	-	-	41	-	(20)	-	14
Alberta Mental Health Board-SHIP grant transferred	11	-	-	-	-	-	-	-	-	-	-	-	11
Calgary Health Region-Shared Mental health (Capacity Building Fund)	247	-	-	-	188	-	-	-	335	-	-	-	100
End Stage Renal Disease Program (PESRD) - Calgary Health Funding	-	-	-	-	60	-	-	-	-	-	-	-	60
Evening of Pychiatry-Education	-	-	-	-	11	-	-	-	7	-	-	-	4
Family Centre funding	-	-	-	-	11	-	-	-	10	-	-	-	1
Glaxo-Smith Klien-Diabetes Prissime project	50	-	-	-	50	-	-	-	57	-	-	-	43
Heart Failure Clinic	(1)	-	-	-	14	-	-	-	4	-	-	-	9
Janssen-Ortho - Cognitive Screening Clinics	3	-	-	-	8	-	-	-	10	-	-	-	1
Local Primary Care Initiative	-	-	-	-	138	-	-	-	138	-	-	-	-
Manulife Financial - Group Insurance demutualization	27	-	-	-	-	-	-	-	-	-	-	-	27
Obesity Clinic	13	-	-	-	6	-	-	-	19	-	-	-	-
PHAA-Telehealth - Ist Nations Enhanced Discharge Planning	23	-	-	-	-	-	-	-	-	-	-	-	23
Provincial Alzheimer and Dementia Front Line Training	22	-	-	-	-	-	-	-	-	-	-	-	22
Raymond Care Centre canteen	-	-	-	-	44	-	-	-	44	-	-	-	-
Stroke Strategy Program - Alberta Heart and Stroke Foundation	-	-	-	-	612	-	-	-	1	-	-	-	611
Taber Research Project	18	-	-	-	-	-	-	-	-	-	-	-	18
Telehealth-Childrens Mental Health-Calgary Health Region funding	-	-	-	-	10	-	-	-	7	-	-	-	3
University of Calgary-PBMA project	31	-	-	-	-	-	-	-	27	-	-	-	4
University of Lethbridge - Home Visitation Program	-	-	-	-	28	-	-	-	-	-	-	-	28
Westwinds School Division-Student Health Partnership-Childrens Health	-	-	-	-	718	-	-	-	708	-	-	-	10
Westwinds School Division-Student Health Partnership-Mental Health	-	-	-	-	94	-	-	-	94	-	-	-	-
Other	49	-	-	-	54	-	-	-	27	-	-	-	76
Sub-Total	528	-	-	-	2,220	-	-	-	1,611	-	-	-	1,117
													-
Total 2005/06	$ 6,635	$ 11,264	$ 3,154	$ 1,132	$ 2,220	$ 8,295	$ 3,424	$ 278	$ 1,611	$ (914)	$ (23)	$ (728)	$ 9,132

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2006

Schedule 4

(thousands of dollars)

Facility Name	Direct Region Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based services	Home care	Diagnostic and therapeutic services	Admin-istration	Information Technology	Support Services	Total Expenditures
Voluntary														
St. Michael's Health Centre	$ 10.038	$ -	$ 2.789	$ 12.827	$ -	$ -	$ 8,117	$ -	$ -	$ 728	$ 793	$ 101	$ 3.088	$ 12.827
Coaldale Health Care Centre	1.701	-	402	2.103	-	372	1,032	-	-	127	110	-	462	2.103
Victorian Order of Nurses	88	-	43	131	-	-	-	131	-	-	-	-	-	131
Private									-					
Edith Cavell Nursing Home	4.995	-	1.880	6.875	-	-	4,066	-	-	390	386	-	2.033	6.875
Extendicare - Lethbridge	5.148	-	1.578	6.726	-	-	4,161	-	-	406	402	-	1.757	6.726
Extendicare - Fort Macleod	2.116	178	750	3.044	-	-	1,901	-	-	164	163	-	816	3.044
Designated Assisted Living														
Good Samaritans	6.117	-	-	6.117	-	-	-	6,117	-	-	-	-	-	6.117
Green Acres	670	-	-	670	-	-	-	670	-	-	-	-	-	670
Home Care Providers	7.857	-	-	7.857	-	-	-	-	7,857	-	-	-	-	7.857
Mental Health Community Agencies	1.099	-	-	1.099	-	-	-	1,099	-	-	-	-	-	1.099
Lodges	2.302			2.302				2,302						2.302
Total 2005/2006	$ 42.131	$ 178	$ 7.442	$ 49.751	$ -	$ 372	$ 19,277	$ 10,319	$ 7,857	$ 1,815	$ 1,854	$ 101	$ 8.156	$ 49.751
Total 2004/2005	$ 38.392	$ 178	$ 8.365	$ 46.935	$ -	$ 489	$ 19,875	$ 5,674	$ 7,583	$ 2,184	$ 1,940	$ 101	$ 9.089	$ 46.935

PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2006

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries and Benefits
Schedule 3 – Schedule of Deferred Contributions
Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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PALLISER HEALTH REGION
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
Financial Statements
March 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Palliser Health Region Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately safeguarded. Palliser has established a code of ethics and corporate directives, which include communication of the code to employees.

Palliser's board members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co. LLP, to review financial matters, and recommends the financial statements to the Palliser Health Region Board for approval. The external auditors have free access to the Corporate Services Committee.

The external auditors, Johnston Morrison Hunter & Co. LLP, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

T A Seaman
Tom Seaman
President / Chief Executive Officer

Séamas Ó Fuarthain
Seamas O'Fuarthain
Chief Financial Officer

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION
AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS

We have audited the statement of financial position of the **Pallisor Health Region** as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2006 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter &Co. LLP

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 31, 2006

PALLISER HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2006
(thousands of dollars)

	2006	2005
ASSETS		
Current assets:		
Cash and short-term investments (note 3)	$12,001	$10,233
Accounts receivable	4,109	4,457
Contributions receivable from Alberta Health and Wellness	1,589	6,454
Inventories	1,029	982
Prepaid expenses	1,940	1,021
	20,668	23,147
Non-current investments (note 3)	15,045	18,812
Non-current advance - continuing care partnerships (note 4)	9,594	9,999
Other assets (note 5)	478	0
Capital assets (note 6)	74,274	71,719
TOTAL ASSETS	$120,059	$123,677
LIABILITIES AND NET ASSETS		
Current liabilities:		
Bank indebtedness (note 3)	$934	$4,731
Accounts payable and accrued liabilities	12,586	9,713
Accrued vacation pay	6,515	6,124
Deferred contributions (schedule 3)	10,522	13,507
	30,557	34,075
Deferred contributions - continuing care partnerships (note 4)	9,594	9,999
Unamortized external capital contributions (note 7)	63,533	63,334
Net assets:		
Accumulated surplus (note 8)	5,634 [A]	7,884
Investment in capital assets from internally funded sources	10,741	8,385
	16,375	16,269
TOTAL LIABILITIES AND NET ASSETS	$120,059	$123,677

Footnote A : Accumulated Surplus: RSHIP capital costs, not funded by Alberta Health & Wellness, of $2,554 were incurred in 2005/06. The accumulated surplus would have been $8,188 had this expenditure not occurred.

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF OPERATIONS
Year ended March 31, 2006
(thousands of dollars)

	2006 *Budget*	2006 Actual	2005 Actual
	(unaudited - note 19)		
Revenue:			
Alberta Health & Wellness contributions (schedule 3)	*$149,488*	$149,488	$130,847
Other government contributions (schedule 3)	*3,768*	3,768	3,446
Fees and charges (note 11)	*14,205*	16,091	14,936
Ancillary operations, net (note 12)	*193*	266	275
Donations (schedule 3)	*300*	295	378
Investment and other income (note 13)	*2,447*	3,150	3,322
Amortization of external capital contributions (note 7)	*5,384*	5,505	5,684
	175,785	178,563	158,888
Expenses (schedule 1):			
Facility-based inpatient acute nursing services	*43,083*	42,331	40,173
Facility-based emergency and outpatient services	*8,234*	8,478	7,392
Facility-based continuing care services	*25,236*	22,801	21,164
Ambulance services	*5,525*	5,579	1,445
Community-based care	*7,464*	8,128	7,352
Home care	*8,025*	8,608	8,003
Diagnostic and therapeutic services	*30,326*	31,956	28,799
Promotion, prevention and protection services	*5,979*	5,415	4,799
Administration (note 14)	*6,687*	7,377	6,684
Information technology	*3,149*	3,379	2,728
Support services (note 15)	*31,005*	31,577	30,117
Amortization of facilities and improvements	*3,200*	2,828	3,271
	177,913	178,457	161,927
Excess (deficiency) of revenue over expenses	*($2,128)*	$106	($3,039)
			A

Footnote A - Deficiency of Revenue over Expenses for 2005 of ($3,039)
The deficiency of revenue over expenses is consistent with the approved 2005 business plan.

PALLISER HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2006
(thousands of dollars)

	2006 Accumulated Surplus	2006 Investment in Capital Assets From Internally Funded Sources	2006 Total	2005 Total
	(Note 8)			
Excess (deficiency) of revenue over expenses	$106		$106	($3,039)
Capital assets purchased with internal funds	(4,191)	4,191	0	0
Amortization on internally funded capital assets	1,835	(1,835)	0	0
Net change	(2,250)	2,356	106	(3,039)
Net assets, beginning of year	7,884	8,385	16,269	19,308
Net assets, end of year	$5,634	$10,741	$16,375	$16,269

PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2006
(thousands of dollars)

	2006 Budget *(unaudited - note 10)*	2006 Actual	2005 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	*($2,128)*	$106	($3,039)
Non cash transactions:			
Amortization of capital equipment - internally funded	*1,500*	1,835	1,755
Amortization of capital equipment - externally funded	*1,900*	2,272	2,009
Amortization of facilities and improvements	*3,200*	2,857	3,300
Amortization of continuing care partnership project	*284*	405	404
Amortization of external capital contributions	*(5,384)*	(5,534)	(5,713)
Change in non-cash working capital		4,526	1,447
	(628)	6,467	163
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(7,100)*	(4,191)	(3,628)
Externally funded - equipment	*(1,500)*	(2,471)	(2,316)
Externally funded - facilities and improvements	*(600)*	(2,857)	(1,651)
Investment in Continuing Care Partnership/Other assets		(478)	(4,013)
Purchase of investments		(630)	0
Proceeds on sale of investments	*2,000*	4,397	3,436
	(7,200)	(6,230)	(8,172)
Financing activities:			
Capital contributions received (schedule 3)	*2,100*	5,328	7,980
Increase (decrease) in bank indebtedness		(3,797)	2,589
	2,100	1,531	10,569
Increase (decrease) in cash and short-term investments	*(5,728)*	1,768	2,560
Cash and short-term investments, beginning of year	*3,073*	10,233	7,673
Cash and short-term investments, end of year	*($2,655)*	$12,001	$10,233

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("Palliser") was established June 24, 1994 under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Palliser is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

Palliser delivers appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Palliser's operations include the following facilities and sites:

Bassano Health Centre
Bow Island Health Centre and Alfred Egan Home
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Medicine Hat Community Mental Health Office – Provincial Building
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except as disclosed in Note 18 and Schedule 4.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Contributions – Continuing Care Partnership Projects

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary/private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership Project and are recognized as revenue in the periods in which the related amortization expense of the funded Non-current Advance – Continuing Care Partnership Project is recorded.

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(iv) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist Palliser in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Service Providers

Palliser accounts for all revenues and costs related to services carried out for which it is responsible.

Palliser contracts with voluntary and private providers to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of Palliser.

Revenue earned by contracted health service providers from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Palliser. An equivalent amount is recorded as contracted health service expense of Palliser.

2. Significant Accounting Policies and Reporting Practices (continued)

c) Employee Future Benefits

Palliser participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for Palliser's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Palliser has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. Palliser does not record its portion of the pension plan's deficit or surplus.

Palliser fully accrues its obligations for employee non-pension future benefits.

Palliser provides a non-contributory defined Supplemental Executive Retirement Plan (SERP) for certain senior executives. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a discount rate of 5.4%, expected long-term rate of return on plan assets of 2.7% and a rate of compensation increase of 3.5%. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the group.

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been an other-than-temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items. It is management's opinion that Palliser is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as disclosed in these financial statements.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. In common with general industry practice, inventories are expensed when issued from central inventory locations to the end user departments.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

2. Significant Accounting Policies and Reporting Practices (continued)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Restructuring Costs

Restructuring costs are expensed in the period the restructuring decision is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

i) Measurement Uncertainty - Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. For example, amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

3. Cash, Investments and Bank Indebtedness

Palliser pools its cash and investment funds with Health Foundations and other associated third parties within the Region. The cash and investments are held in Palliser's name and consist of the following:

	2006	2005
Cash	$ 9,720	$ 7,781
Bonds	25,720	29,233
Bank indebtedness	(934)	(4,731)
Less Health Foundations' funds	(4,888)	(4,498)
Less Third Party funds	(3,506)	(3,471)
	$ 26,112	$ 24,314

Cash and investments are classified as follows:

	2006	2005
Cash and short-term investments	$ 12,001	$ 10,233
Non-current investments (unrestricted)	15,045	18,812
Bank indebtedness	(934)	(4,731)
	$ 26,112	$ 24,314

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 4.64% to 7.39% (2005 – 4.40% to 10.63%).

Total pooled funds have a market value of $1,629 greater than book value (2005 - $2,142). Valuation of bonds has been obtained from independent brokerage firms.

Included in cash and short-term investments is $9,685 (2005 - $7,724) held in a capital bank account representing advances from Alberta Infrastructure for capital and renovation projects. These funds are not available for Palliser's general operations.

At the fiscal year end, the investments have the following maturity structure:

	2006	2005
1 to 5 years	52%	53%
6 to 10 years	43%	41%
11 to 15 years	5%	6%
	100%	100%

Palliser has arranged a line of credit facility of up to $5,000,000, secured by a general security agreement over all of its assets. The line of credit is payable on demand with interest calculated at prime interest rate less 0.25%.

4. Non-Current Advance – Continuing Care Partnerships

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

Palliser uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, Palliser finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the predicted life of the facility. The funding received is recorded as Deferred Contributions - Continuing Care Partnerships and each year a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (iii). The portion included in revenue, representing the amount forgiven during the year, is disclosed in note 7.

During 2002, funding of $7.100 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project. During 2005, funding of $4.013 million was received from Alberta Infrastructure and advanced to Club Sierra Lifestyles at River Ridge Inc. for the construction of the 50 bed Club Sierra Project.

5. Other Assets

On November 2, 2005, Palliser initiated a fully funded Supplemental Executive Retirement Plan (SERP) for certain senior executives, as noted in 2 (c). At March 31, 2006 the fair value of plan assets is $719 (2005 - $0), the accrued benefit obligation is $241 (2005 - $0) and the net asset is $478 (2005 - $0).

6. Capital Assets

	Cost			
	Opening Balance Apr 1/05	Asset Additions	Asset Disposals	Closing Balance Mar 31/06
Land	$ 852	$ -	$ -	$ 852
Buildings	111,130	-	-	111,130
Land improvements	2,533	-	-	2,533
Building service equipment	15,669	237	-	15,906
Equipment	33,319	6,662*	10,000	29,981
Construction in progress	1,106	2,620	-	3,726
	$ 164,609	$ 9,519	$ 10,000	$ 164,128

* Includes RSHIP capital costs (see note 16) of $2,554

	Accumulated Amortization				Net Book Value
	Opening Balance Apr 1/05	Additions	Disposals	Closing Balance Mar 31/06	Closing Balance Mar 31/06
Land	$ -	$ -	$ -	$ -	$ 852
Buildings	58,851	2,591	-	61,442	49,688
Land improvements	2,511	4	-	2,515	18
Building service equip.	12,636	262	-	12,898	3,008
Equipment	18,892	4,107	10,000	12,999	16,982
Construction in progress	-	-	-	-	3,726
	$ 92,890	$ 6,964	$ 10,000	$ 89,854	$ 74,274

Capital assets have been funded from the following sources:

	2006	2005
Externally funded (Unamortized External Capital Contributions)	$ 63,533	$ 63,334
Internally funded (Investment in Capital Assets)	10,741	8,385
	$ 74,274	$ 71,719

7. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (iv). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years.

	2006	2005
Unamortized external capital contributions, beginning of year	$ 63,334	$ 64,676
Amounts transferred from:		
Deferred Contributions (schedule 3)	5,328	7,980
Amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(2,272)	(2,009)
Amortized external capital contributions: Facilities and Improvements	(2,828)	(3,271)
Amortized external capital contributions: Ancillary operations	(29)	(29)
Unamortized external capital contributions, end of year	$ 63,533	$ 63,334

Amortization of external capital contributions, included in revenue for the year, is as follows:

	2006	2005
Continuing Care Partnerships (note 4)	$ 405	$ 404
Capital Assets (above)	5,100	5,280
	$ 5,505	$ 5,684

8. Accumulated Surplus

Palliser's accumulated surplus comprises the following:

	2006	2005
Unrestricted net assets	$ -	$ -
Internally restricted net assets:		
Future capital equipment replacement	5,634	7,884
	$ 5,634	$ 7,884

9. Commitments and Contingencies

Palliser has entered into various multi-year commitments for the purchase of consumables, reagents and chemicals. Also, Palliser contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against Palliser. A specific claim concerning the methodology used to calculate pension benefit payments has been filed against the Province of Alberta and employers participating in LAPP (including Palliser). Palliser has determined that there will be no material adverse effect on its financial position from these claims.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006
(thousands of dollars)

10. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjust-ments (c)	Reported Budget
Revenue:				
Alberta Health & Wellness contributions	$143,184	$6,304		$149,488
Other government contributions	2,635	1,133		3,768
Fees and charges	14,205			14,205
Net ancillary operations	193			193
Donations	300			300
Investment and other income	2,447			2,447
Amortization of external capital contributions	5,384			5,384
	168,348	7,437	0	175,785
Expenses:				
Facility-based inpatient acute nursing services	42,838	245		43,083
Facility-based emergency and outpatient servic	8,234			8,234
Facility-based continuing care services	24,136	1,100		25,236
Ambulance services	1,030	4,495		5,525
Community-based care	7,464			7,464
Home care	8,025			8,025
Diagnostic and therapeutic services	30,326			30,326
Promotion, prevention and protection services	5,729	250		5,979
Administration	6,687			6,687
Information technology	2,803	346		3,149
Support services	30,004	1,001		31,005
Amortization of facilities and improvements	3,200			3,200
	170,476	7,437	0	177,913
Deficiency of revenue over expenses	($2,128)	$0	$0	($2,128)

(a) **Approved Budget** - The budget was approved by the Palliser Health Region Board in May 2005 and submitted to the Minister for Health and Wellness for approval.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. Palliser has allocated these additional resources to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified to conform with the presentation of the 2006 actual amounts.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006
(thousands of dollars)

11. Fees and Charges

	Inpatient / Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care:						
Out-of-province	$ 3,370	$ 3,370	$ 1,711	$ 1,369	$ 5,081	$ 4,739
Out-of-country base amount	47	72	48	28	95	100
Out-of-country surcharge	59	89	59	34	118	123
WCB standard charges	381	147	951	844	1,332	991
Federal	43	18	108	119	151	137
Uninsured medical services*	268	77	130	97	398	174
Preferred accommodation	84	62			84	62
Continuing care semi-private and private	119	64			119	64
	4,371	3,899	3,007	2,491	7,378	6,390
Continuing Care:						
Continuing care ward, semi-private and private	8,713	8,546			8,713	8,546
	$ 13,084	$ 12,445	$ 3,007	$ 2,491	$ 16,091	$ 14,936

*Fees and charges include revenue from enhanced goods and services in the amount of $0 (2005 - $0).

12. Ancillary Operations

			2006	2005
	Non-patient Food Services	Other Ancillary Operations	Total	Total
Revenue:				
Operating revenue	$ 735	$ 410	$ 1,145	$ 1,200
Amortized external capital contributions		29	29	29
Direct Expenses:				
Other expenses	(735)	(131)	(866)	(912)
Amortization	(13)	(29)	(42)	(42)
Excess (deficiency) of revenue over expenses	($ 13)	$ 279	$ 266	$ 275

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building) and parking operations (Medicine Hat).

13. Investment and Other Income

	2006	2005
Investment income	$ 1,522	$ 1,632
Other income	1,628	1,690
	$ 3,150	$ 3,322

Investment income comprises interest, amortization of discounts (premiums) and net gains on disposal of investments

Other income comprises Student Health Initiative Program (SHIP), WCB compensation, rental income and miscellaneous recoveries.

14. Administration

	2006	2005
General administration	$ 3,227	$ 2,854
Finance	1,624	1,414
Personnel	1,521	1,421
Administration – voluntary and private providers (schedule 4)	1,005	995
	$ 7,377	$ 6,684

15. Support Services

	2006	2005
Building maintenance, operations and security	$ 9,436	$ 8,657
Education	1,301	1,336
Housekeeping	3,301	3,245
Laundry and linen	1,332	1,316
Materials management	2,062	1,964
Patient food services	3,462	3,520
Patient health records	1,576	1,338
Patient registration	1,224	1,184
Other	118	102
Support services – voluntary and private providers (schedule 4)	7,765	7,455
	$ 31,577	$ 30,117

16. Related Party – Province of Alberta and Other Health Authorities

The Minister of Health and Wellness appoints Palliser's Board Members. Palliser is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between Palliser and the Province are disclosed in the Statement of Operations and in notes and schedules to the financial statements.

Palliser shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between Palliser and other health authorities are conducted on normal commercial terms, are not material to the financial statements of Palliser and are reported in the appropriate expense classification in the Statement of Operations.

Palliser has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system. The other partners to the agreement are:

Northern Lights Health Region
Peace Country Health
Aspen Health Region
Chinook Health Region
East Central Health
David Thompson Health Region

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from Palliser for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by Palliser and its partners.

17. Related Parties - Community Health Foundations

Palliser formed five Foundations in 1996 and has the ability to appoint two of Palliser's Board Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of Palliser.

Palliser provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres-tricted	Externally Restricted	2006 Total	2005 Total
Bassano & District Health Foundation	$ 13	$ 9	$ 22	$ 19
Bow Island & District Health Foundation	78	43	121	69
Brooks & District Health Foundation	187	236	423	252
Medicine Hat & District Health Foundation	3,230	1,024	4,254	4,104
Oyen & District Health Care Foundation	108	2	110	63
	$ 3,616	$ 1,314	$ 4,930	$ 4,507

Contributions received by Palliser during the year, representing the purchase cost of capital and non-capital items selected by the Foundations, are as follows:

	2006	2005
Bassano & District Health Foundation	$ 18	$ 30
Bow Island & District Health Foundation	32	56
Brooks & District Health Foundation	66	238
Medicine Hat & District Health Foundation	453	675
Oyen & District Health Care Foundation	64	11
Per schedule 3	$ 633	$ 1,010

18. Related Parties - Voluntary and Private Health Service Providers

Palliser has an economic interest through its contracts with voluntary and private health service providers. Transactions between Palliser and health service providers are conducted on normal commercial terms and are presented in Schedule 4.

19. Pension Costs

Palliser participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to Palliser's annual contributions payable of $4,729 for the year ended March 31, 2006 (2005 - $4,004).

At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficiency of $0.864 billion (December 31, 2004 - actuarial deficiency of $1.289 billion).

20. Comparative Figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

21. Approval of Financial Statements

These financial statements have been approved by the Palliser Health Region Board.

PALLISER HEALTH REGION

Schedule 1

SCHEDULE OF EXPENSES BY OBJECT
Year ended March 31, 2006
(thousands of dollars)

	Budget	2006 Actual	2005 Actual
	(unaudited - note 10)		
Salaries and benefits (schedule 2)	*$103,108*	$104,165	$93,123
Contracts with health service providers (schedule 4)	*31,759*	29,576	27,474
Drugs and gases	*3,690*	3,750	3,340
Medical and surgical supplies	*4,150*	4,333	4,020
Other contracted services	*9,035*	9,875	8,327
Other expenses - utilities	*2,913*	2,870	2,679
Other expenses - miscellaneous	*17,374*	17,427	16,450
Amortization:			
Capital equipment - internally funded	*1,500*	1,835	1,755
Capital equipment - externally funded	*1,900*	2,272	2,009
Facilities and improvements	*3,200*	2,857	3,300
Continuing care partnership project	*284*	405	404
Less amounts reported in ancillary operations (note 12)	*(1,000)*	(908)	(954)
	$177,913	$178,457	$161,927

PALLISER HEALTH REGION

Schedule 2(a)

SCHEDULE OF SALARIES AND BENEFITS
Year ended March 31, 2006
(thousands of dollars)

	2006					2005			
	FTE *(a)*	Salaries and Honoraria (b)	Benefits and Allowances (c)	Severance (d)	Total	*FTE* *(a)*	Salaries, Benefits & Allowances (b) (c)	Severance (d)	Total
Board Members Compensation:									
Carol Secondiak (Chair)		$41			$41		$25		$25
Len Mitzel (former Chair)					0		14		14
Howard Barker		8			8				0
Jim Black		7			7		7		7
Hugh English		10			10		7		7
Leo Hill					0		3		3
Jim Kirwan		6			6				0
Albert McFadyen		12			12		11		11
Leva Olstad		11			11		10		10
Lynne Sangster		11			11		6		6
Ken Sauer		6			6		5		5
Martin Shields		14			14		9		9
Rod Sommerfeld		12			12		15		15
Harold Storlien		5			5				0
Craig Widmer		5			5				0
		$148			$148		$112		$112
Staff:									
President / Chief Executive Officer	*1.0*	221	108		329	*1.0*	253		253
Senior Vice President - Health Services	*1.0*	172	41		213	*1.0*	183		183
Vice President - Corporate Services	*1.0*	142	38		180	*1.0*	154		154
Vice President - Community Health	*1.0*	128	18		146	*1.0*	140		140
Vice President - Planning & Capital Development	*1.0*	128	18		146	*1.0*	134		134
Vice President - Medical Services	*0.8*	244			244	*0.8*	233		233
Other Management reporting to those above	*26*	2,451	437		2,888	*26*	2,702		2,702
Other Management	*38*	3,216	574		3,790	*38*	3,668		3,668
Regulated Nurses:									
RNs, RPNs, Grad Nurses	*395*	30,238	5,397		35,635	*399*	33,832		33,832
LPNs	*118*	5,232	934		6,166	*115*	5,647		5,647
Other Health Technical & Professionals	*276*	18,030	3,218		21,248	*211*	15,631		15,631
Unregulated Health Service Providers	*144*	4,686	836		5,522	*152*	5,481		5,481
Other Staff	*554*	23,344	4,166		27,510	*552*	24,953		24,953
	1557	$88,380	$15,785	$0	$104,165	*1499*	$93,123	$0	$93,123

The accompanying notes (a) to (d) are part of this Schedule

PALLISER HEALTH REGION **Schedule 2(b)**
SCHEDULE OF SALARIES AND BENEFITS - NOTES
Year ended March 31, 2006
(thousands of dollars)

(a) **FTE**

The full time equivalent (FTE) has been determined based on the number of hours worked in a standard work year, which is generally 2,023 hours for most occupation groups.

The total actual discrete number of individuals employed during the year was 2,469 (2005 - 2,395).

(b) **Salaries and Honoraria**

Salaries and honoraria include regular base pay, overtime, lump sum payments, shift

(c) **Benefits and Allowances**

Benefits and allowances represent employer contributions or payments made on behalf of

Employment insurance
Canada pension plan
Provincial pension plan and supplemental executive retirement plan
Workers compensation
Health and dental coverage
Long term and short term disability plans
Accidental death and dismemberment plans
Group life insurance

Supplemental executive retirement plan benefits were earned by the following employees:

	Current Year Costs	Prior Year Costs	2006 Total	2005 Total
President / Chief Executive Officer	$ 22	$ 66	$ 88	$ -
Senior Vice President - Health Services	6	16	22	-
Vice President - Corporate Services	5	14	19	-
	$ 33	$ 96	$ 129	$ -

(d) **Severance**

Severance includes amounts paid directly or indirectly to individuals upon termination, which

The severance recorded during the year represents payments to 0 employees (2005 - 0)

PALLISER HEALTH REGION **Schedule 3**
SCHEDULE OF DEFERRED CONTRIBUTIONS
Year ended March 31, 2006
(thousands of dollars)

Grant	Opening Balance April 1, 2005	Amounts Received or Receivable			Amounts Recognized as Revenue			Transfer to Unamort External Capital Contrib	Closing Balance March 31, 2006
		Alberta Health & Wellness	Other Governmt Contrib	Foundations	Alberta Health & Wellness	Other Governmt Contrib	Foundations		
Alberta Health & Wellness Unrestricted and Restricted Contributions:									
Global Funding	$ -	$ 140,145			$ 140,145				$ -
Legacy Mortgage Assistance Program	-	198			198				$ -
Ambulance Pilot Project	4,397				4,397				$ -
Diagnostic/Medical Equipment	-	1,365						1,365	$ -
Mental Health projects	-	607			-				$ 607
Paramedic Training	98				98				$ -
Physician On Call-Rural		552			551				$ 1
Physician On Call-Specialist	692	2,345			2,418				$ 619
Regional Shared Hlth Info Prog (RSHIP)	-	884			117			767	$ -
Security of Systems	228	219			228				$ 219
Telehealth clinical funds	-	100							$ 100
Other	-	1,336			1,336				$ -
Other Government Restricted Contributions:									
PDD - Alfred Egan Home Funding	-		2,767			2,767			$ -
Alberta Infrastructure - IMP and HSI	8,092		4,743			1,001		2,858	$ 8,976
Foundations:									
Funding of Equipment and Programs	-			633			295	338	$ -
Total 2005/06	$ 13,507	$ 147,751	$ 7,510	$ 633	$ 149,488	$ 3,768	$ 295	$ 5,328	$ 10,522

Total 2004/05	$ 5,569	$ 137,247	$ 12,332	$ 1,010	$ 130,847	$ 3,446	$ 378	$ 7,980	$ 13,507

PALLISER HEALTH REGION

Schedule 4

SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS

Year ended March 31, 2006

(thousands of dollars)

	Providers' Revenue				Providers' Expenditures							
Facility Name	Direct Palliser Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	Total	Facility-based Continuing care services	Community-based care	Home care	Diagnostic & Therapeutic services	Promotion, Prevent. & Protect services	Administration	Support services	Total
A. Voluntary Providers												
Good Samaritan Society	$ 3,309		$ 1,350	$ 4,659	$ 2,305	$ 165	$ 229	$ 179		$ 147	$ 1,634	$ 4,659
South Country Village	4,260		1,700	5,960	3,566		205	276		213	1,700	5,960
B. Private Providers												
Agecare	1,942		750	2,692	1,623		97	125		97	750	2,692
Central Park Lodge	4,971	198	2,000	7,169	4,375			338		258	2,198	7,169
Club Sierra	1,982		850	2,832	1,635			127		100	970	2,832
Medicine Hat Diag. Lab	5,129			5,129				4,426		190	513	5,129
LeisureWay & Meadow lands	491			491	320		171					491
Other Private Providers	644			644		428		37	179			644
Total 2005/06	$ 22,728	$ 198	$ 6,650	$ 29,576	$ 13,824	$ 593	$ 702	$ 5,508	$ 179	$ 1,005	$ 7,765	$ 29,576
Total 2004/05	$ 20,871	$ 203	$ 6,400	$ 27,474	$ 12,546	$ 745	$ 535	$ 5,047	$ 151	$ 995	$ 7,455	$ 27,474

Calgary
#3

Calgary Health Region

Consolidated Financial Statements

March 31, 2006

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

Management's Responsibility for Financial Reporting

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CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Region. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Governance and Audit Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has free access to the Governance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Kay Best

Jack Davis
President and Chief Executive Officer

Kay Best, FCA
Executive Vice President, Risk Management and
Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Calgary Health Region and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region as at March 31, 2006 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2006

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2006
(thousands of dollars)

	2006 Actual	2005 Actual (Restated) (Note 3)
ASSETS		
Current:		
Cash and cash equivalents (Note 4)	$ 29,314	$ 45,687
Accounts receivable	44,938	34,949
Contributions receivable from Alberta Health and Wellness	63,205	36,713
Inventories	24,252	21,089
Prepaid expenses	3,384	8,935
	165,093	147,373
Non-current cash and investments (Note 4)	436,170	390,961
Capital contributions receivable (Note 7)	136,487	6,741
Capital assets (Note 5)	1,150,236	939,770
Other assets (Note 6)	11,504	11,767
TOTAL ASSETS	$ 1,899,490	$ 1,496,612
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 188,013	$ 160,432
Accrued vacation pay	82,787	74,114
Current portion of deferred contributions (Schedule 3)	87,308	54,494
Current portion of long-term debt (Note 10)	1,108	218
	359,216	289,258
Deferred contributions (Schedule 3)	31,595	30,657
Deferred capital contributions (Note 7)	329,673	221,698
Long-term debt (Note 10)	62,522	16,717
Long-term employee benefit liabilities (Note 8)	4,531	3,423
Unamortized external capital contributions (Note 9)	1,016,544	851,470
	1,804,081	1,413,223
Net Assets:		
Accumulated surplus	11,473	3,555
Investment in capital assets	83,936	79,834
	95,409	83,389
Commitments and contingencies (Notes 11 and 18)		
TOTAL LIABILITIES AND NET ASSETS	$ 1,899,490	$ 1,496,612

The accompanying notes and schedules are part of these consolidated financial statements.

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006		2005
	Budget (Note 12)	Actual	Actual (Restated) (Note 3)
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 1,998,740	$ 1,997,855	$ 1,778,273
Other government contributions (Note 14)	19,900	24,403	19,017
Fees and charges (Note 15)	138,705	143,885	136,276
Ancillary operations, net (Note 16)	8,656	8,129	11,464
Donations	4,689	6,898	976
Investment and other income (Note 17)	66,017	84,270	74,317
Amortization of external capital contributions (Note 9)	61,101	64,185	62,934
TOTAL REVENUE	2,297,808	2,329,625	2,083,257
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	656,659	665,354	599,365
Facility-based emergency and outpatient services	303,531	298,864	265,453
Facility based continuing care services	164,741	165,972	164,747
Ambulance services	9,820	10,878	8,292
Community based care	87,326	85,485	78,350
Home care	102,989	99,103	88,611
Diagnostic and therapeutic services	443,849	445,564	406,067
Promotion, prevention and protection services	57,079	56,388	47,755
Research and education (Note 19)	27,891	30,782	27,273
Administration (Note 20)	77,356	67,504	56,891
Information technology	46,730	50,114	43,681
Support services (Note 21)	289,054	313,576	262,290
Amortization of facilities and improvements	30,783	32,413	30,292
Writedown of capital assets	-	-	6,698
TOTAL EXPENSES	2,297,808	2,321,997	2,085,765
Excess (deficiency) of revenue over expenses	$ -	$ 7,628	$ (2,508)

The accompanying notes and schedules are part of these consolidated financial statements.

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006			2005 (Restated) (Note 3)
	Accumulated Deficit	Investment in Capital Assets	Total	Total
Balance, beginning of year	$ 3,555	$ 79,834	$ 83,389	$ 80,717
Excess (deficiency) of revenue over expenses	7,628	-	7,628	(2,508)
Capital assets purchased with internal funds	(23,840)	23,840	-	-
Land purchased with external funds (Note 7)	-	4,392	4,392	5,180
Amortization of internally funded capital assets	24,241	(24,241)	-	
Repayment of obligations under capital lease net of collections from lease receivable	(111)	111	-	-
Balance, end of year	$ 11,473	$ 83,936	$ 95,409	$ 83,389

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006 Budget	2006 Actual	2005 Actual (Restated) (Note 3)
Operating activities:			
Excess (deficiency) of revenue over expenses	$ -	$ 7,628	$ (2,508)
Non-cash transactions:			
Amortization (Schedule 1)	80,237	88,426	81,763
Amortization of external capital contributions (Note 9)	(62,049)	(64,185)	(62,934)
Other	10	2,190	1,527
	18,198	34,059	17,848
Changes in non-cash working capital	16,405	40,957	(3,178)
Cash generated from operations	34,603	75,016	14,670
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(17,978)	(19,244)	(2,827)
Internally funded - facilities and improvements	(100)	(4,596)	
Externally funded - equipment	(63,217)	(66,089)	(55,757)
Externally funded - facilities and improvements	(221,434)	(163,170)	(155,006)
Externally funded - land		(4,392)	(5,180)
Debt funded - facilities and improvements	(62,520)	(41,401)	-
Principal payment on lease receivable	121	114	98
Net change in non-current cash and investments	55,370	(45,209)	(150,663)
Changes in non-cash working capital	-	(5,977)	9,902
Cash used by investing activities	(309,758)	(349,964)	(359,433)
Financing activities:			
Capital contributions (Note 7)	256,528	341,626	376,902
Change in capital contributions receivable	-	(129,746)	(6,741)
Proceeds from long-term debt	72,820	46,920	
Decrease in obligations under capital leases	(225)	(225)	(196)
Cash generated from financing activities	329,123	258,575	369,965
Increase (decrease) in current cash and cash equivalents	$ 53,968	(16,373)	25,202
Current cash and cash equivalents, beginning of year		45,687	20,485
Current cash and cash equivalents, end of year		$ 29,314	$ 45,687

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000 and subsequently adopted the name Calgary Health Region (the "Region"). The Region is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Region's mandate is to deliver appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following facilities and sites:

Calgary acute care facilities:
- Alberta Children's Hospital
- Foothills Medical Centre
- Peter Lougheed Centre
- Rockyview General Hospital

Psychiatric rehabilitation facility:
- Claresholm Care Centre

Carewest facilities:
- Colonel Belcher
- Dr. Vernon Fanning Centre
- George Boyack
- Glenmore Park
- Nickle House
- Royal Park
- Signal Pointe
- Sarcee

Rural acute and continuing care facilities:
- Canmore General Hospital
- Claresholm General Hospital
- Didsbury District Health Services
- High River General Hospital
- Little Bow Continuing Care Centre (in Carmangay)
- Oilfields General Hospital (in Black Diamond)
- Strathmore District Health Services
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre (in Claresholm)

Community health centres and health units for public health and community care – thirteen sites within Calgary and twelve sites outside of Calgary.

Mental health clinics – ten throughout the Region.

Laboratory services – Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.

Heomodialysis satellites sites – eight sites outside the Region.

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 22(d) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 26 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) The financial statements have been prepared on a consolidated basis, except that controlled foundations are not consolidated (Note 22(c)).

Included in these consolidated financial statements are the following wholly owned subsidiaries:

(i) Carewest – The Region contracts with Carewest to provide health services in the Region.

(ii) 703590 Alberta Inc. which proportionately consolidates its 49.99% interest in Calgary Lab Services ("CLS"). The Region contracts with CLS to provide health services in the Region.

(iii) 1063616 Alberta Ltd. uses the cost method to account for its less than 0.001% interest in Telus Sourcing Solutions Limited Partnership.

(iv) 1099254 Alberta Ltd. uses the cost method to account for its 30% interest in HUTV Limited Partnership.

(v) 1115399 Alberta Inc. which operates as Chemical Exposure Support Services.

The transactions between the Region and these subsidiaries have been eliminated on consolidation.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Region uses the equity method to account for its 50% interest in each of South Calgary Primary Care Network ("SCPCN") and Rural Calgary Primary Care Network ("RCPCN"). SCPCN and RCPCN were incorporated under the Companies Act (Alberta) on February 2, 2006 and have had limited transactions since then.

(2) These consolidated financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the funded capital asset is recorded.

(iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Region records the fair value of costs of services for which it is responsible. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as the Region's fees and charges. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Fair value for use of acute care facilities not owned by the Region is recorded as revenue from other government contributions and as program expenses, as contract payments from the Region do not include an amount for the use of these facilities.

(iv) Fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Region does not record its portion of the pension plan's deficit or surplus.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

The Region also provides a defined contribution pension plan for one employee group.

(d) Investments

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(e) Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, contributions receivable from Alberta Health and Wellness, capital contributions receivable, accounts payable and accrued liabilities, and accrued vacation pay approximate their fair value because of the short-term maturity of these items. The carrying values of lease receivable and long-term debt approximate their fair values because the interest rates approximate market values.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net realizable value.

(g) Capital Assets

Capital assets and work in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	5 - 40 years
Buildings and improvements	10 - 40 years
Building service equipment	10 - 40 years
Leased buildings and improvements	term of lease
Equipment	3 - 20 years

Work in progress is not amortized until the project is complete.

Land and facilities transferred from Alberta Infrastructure are reported at the net book value recorded by Alberta Infrastructure at the time of the transfer.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are reported as acquisitions of capital assets funded by long-term obligations.

(h) Trust Funds

The Region receives trust funds from Alberta Infrastructure to pay to operators of non-owned facilities for capital purposes or facility repairs. The Region receives other funds in trust for research and development, education and other programs. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reflected in these financial statements.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. Actual results could differ from these estimates.

Note 3 **Prior Period Adjustment**

During the year, the Region corrected, retroactively with restatement, its accounting for its benefits plans. Liabilities had been accrued when no obligation existed and plans had been misclassified between long-term and current. Prior year amounts have been restated and reclassified as follows:

	2005		
	As Previously Stated	Prior Period Adjustment	As Restated
		(thousands of dollars)	
Prepaid expenses	$ 5,812	$ 3,123	$ 8,935
Accounts receivable	36,013	(1,064)	34,949
Accounts payable	162,326	(1,894)	160,432
Long term employee benefits	10,683	(7,260)	3,423
Net assets, April 1, 2004	66,556	14,161	80,717
Net assets, April 1, 2005	72,176	11,213	83,389
Excess (deficiency) of revenue over expenses	440	(2,948)	(2,508)

Note 4 **Cash and Investments**

	2006	2005
	(thousands of dollars)	
Cash	$ 249,112	$ 196,784
T-Bills, commercial paper and discount notes[(a)]	23,854	90,644
Bonds[(b)] (market value 2006 - $133,820)	131,006	100,034
Equities[(c)] (market value 2006 - $90,438)	61,512	49,186
	$ 465,484	$ 436,648
Market value of current and non-current cash and investments	$ 497,275	$ 459,831
Current, comprising cash and cash equivalents	$ 29,314	$ 45,687
Non-current, comprising cash and cash equivalents and investments	436,170	390,961
	$ 465,484	$ 436,648

Note 4 Cash and Investments (continued)

Income and financial returns on cash and investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established policy asset mix ranges of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification and quality constraints on fixed-income and equity instruments.

(a) T-bills, commercial paper and discount notes mature between twenty to fifty-nine days and bear interest at an average effective yield of 3.71% per annum. Such financial instruments are limited to a rating of R-1 or A-1, or higher.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A low or higher.

The bonds have an effective yield of 4.95% per annum and have the following maturity structure as at March 31, 2006:

1 - 5 years	37.5%
5 - 10 years	45.4%
Over 10 years	17.1%

(c) Equities are comprised of publicly traded securities in major stock markets.

Non-current cash and investments represent the following:

	2006	2005
	(thousands of dollars)	
Deferred capital contributions (Note 7)	$ 329,673	$ 221,698
Externally restricted for long-term care partnerships (Note 18)	28,332	27,250
Proceeds from long-term debt not yet spent	5,519	-
Unrestricted cash and investments not held for current purposes	72,646	142,013
	$ 436,170	$ 390,961

Note 5 Capital Assets

	2006 Cost	2006 Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
	(thousands of dollars)			
Buildings and improvements	$ 782,377	$ 366,554	$ 415,823	$ 409,374
Equipment	453,265	259,131	194,134	160,326
Work in progress	361,756	-	361,756	191,229
Leased buildings and improvements [b]	146,826	45,334	101,492	104,931
Building service equipment	58,502	21,256	37,246	38,180
Land [a]	34,166	-	34,166	29,774
Land improvements	8,734	3,115	5,619	5,956
	$ 1,845,626	$ 695,390	$ 1,150,236	$ 939,770

	Cost				
	Balance April 1, 2005	Transfers	Additions	Disposals	Balance March 31, 2006
	(thousands of dollars)				
Buildings and improvements	$ 752,501	$ 29,876	$ -	$ -	$ 782,377
Equipment	420,597	39,436	50,403	(57,171)	453,265
Work in progress	191,229	(73,570)	244,097		361,756
Leased buildings and improvements [b]	144,381	2,445	-		146,826
Building service equipment	56,689	1,813	-	-	58,502
Land [a]	29,774	-	4,392	-	34,166
Land improvements	10,294	-	-	(1,560)	8,734
	$ 1,605,465	$	$ 298,892	$ (58,731)	$ 1,845,626

	Accumulated Amortization			
	Balance April 1, 2005	Amortization	Disposals	Balance March 31, 2006
	(thousands of dollars)			
Buildings and improvements	$ 343,127	$ 23,427	$ -	$ 366,554
Equipment	260,271	50,523	(51,663)	259,131
Leased buildings and improvements [b]	39,450	5,884		45,334
Building service equipment	18,509	2,747	-	21,256
Land improvements	4,338	337	(1,560)	3,115
	$ 665,695	$ 82,918	$ (53,223)	$ 695,390

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Provided by	Lease Expiry	Lease Renewal
Alberta Children's Hospital (currently in use)	Province of Alberta	April 1, 2012	Ten years
Alberta Children's Hospital	University of Calgary	December 21, 2101	To be negotiated
Foothills Medical Centre parkade	University of Calgary	July 30, 2054	-
Peter Lougheed Centre	Province of Alberta	July 28, 2008	Ten years
Banff Health Unit	Mineral Springs Hospital	January 30, 2028	-

(b) Leased Buildings and Improvements

Included in leased buildings and improvements are the Peter Lougheed Centre, space leased from the University of Calgary to accommodate a high volume lab facility (Note 10 (b)), and leasehold improvements.

(c) Asset Retirement Obligations

The Region discovered asbestos during renovations at the Foothills Medical Centre which was constructed in 1961. The Region has contracted a firm to conduct an inventory and estimate the cost of remediation. The Region will then adopt the new accounting standards for asset retirement obligations and account for the estimated cost of remediation retroactively with restatement.

Note 5 Capital Assets (continued)

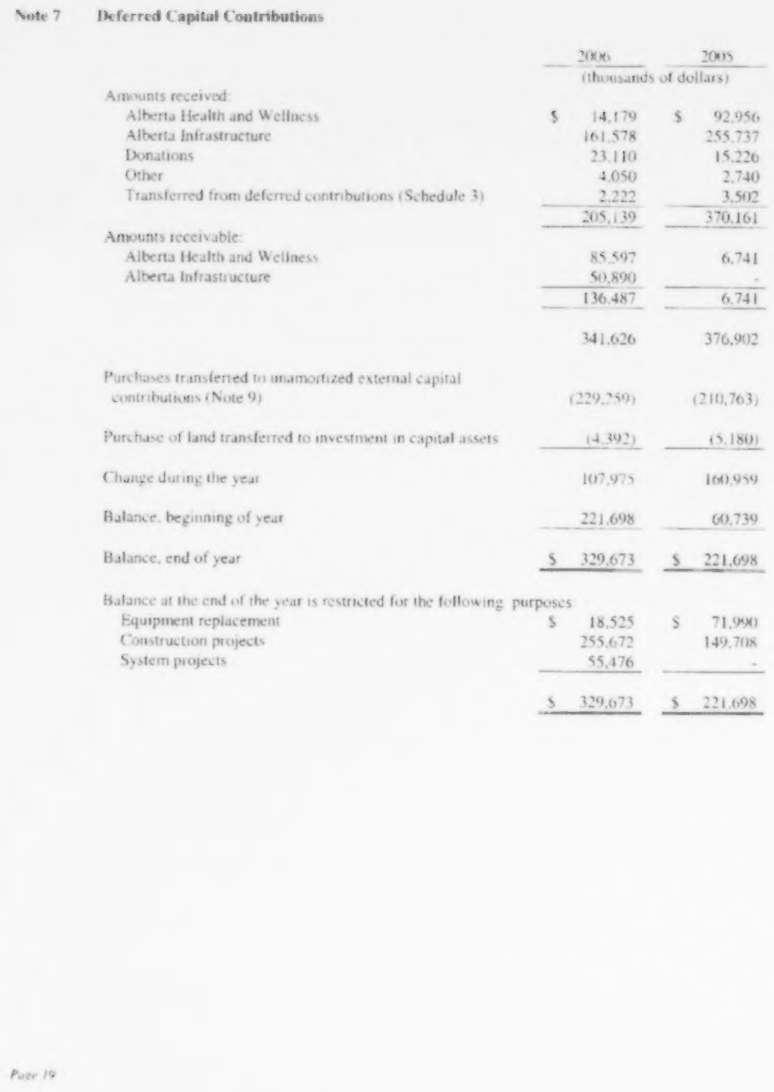
(d) Funding

Capital assets have been funded from the following sources:

	2006	2005
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 9)	$ 1,016,544	$ 851,470
Internally funded (investment in capital assets)	83,936	79,834
Financed by debt:		
Long-term debt	41,401	-
Capital lease	16,710	16,935
Less lease receivable	(8,355)	(8,469)
	$ 1,150,236	$ 939,770

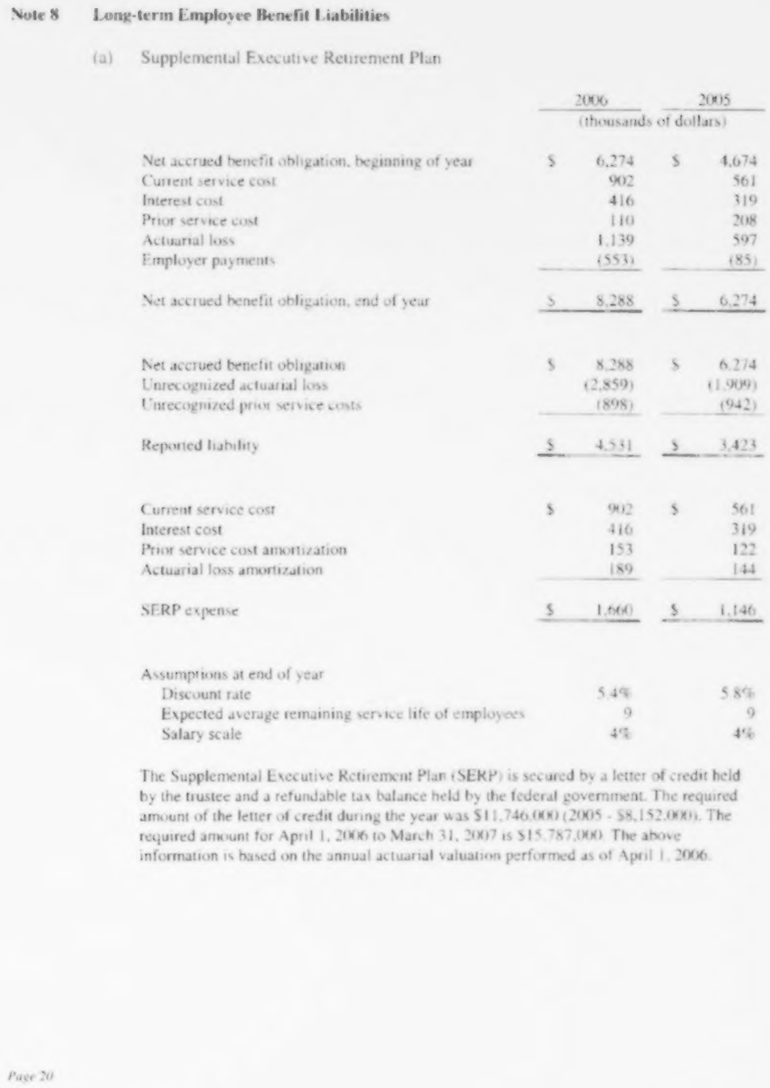
Note 6 Other Assets

	2006	2005
	(thousands of dollars)	
Lease receivable – non-current portion (Note 10 (b))	$ 8,241	$ 8,360
Forgivable mortgage	3,263	3,407
	$ 11,504	$ 11,767



Note 7 **Deferred Capital Contributions**

	2006	2005
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness	$ 14,179	$ 92,956
Alberta Infrastructure	161,578	255,737
Donations	23,110	15,226
Other	4,050	2,740
Transferred from deferred contributions (Schedule 3)	2,222	3,502
	205,139	370,161
Amounts receivable:		
Alberta Health and Wellness	85,597	6,741
Alberta Infrastructure	50,890	-
	136,487	6,741
	341,626	376,902
Purchases transferred to unamortized external capital contributions (Note 9)	(229,259)	(210,763)
Purchase of land transferred to investment in capital assets	(4,392)	(5,180)
Change during the year	107,975	160,959
Balance, beginning of year	221,698	60,739
Balance, end of year	$ 329,673	$ 221,698
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ 18,525	$ 71,990
Construction projects	255,672	149,708
System projects	55,476	-
	$ 329,673	$ 221,698



Note 8 **Long-term Employee Benefit Liabilities**

(a) Supplemental Executive Retirement Plan

	2006	2005
	(thousands of dollars)	
Net accrued benefit obligation, beginning of year	$ 6,274	$ 4,674
Current service cost	902	561
Interest cost	416	319
Prior service cost	110	208
Actuarial loss	1,139	597
Employer payments	(553)	(85)
Net accrued benefit obligation, end of year	$ 8,288	$ 6,274
Net accrued benefit obligation	$ 8,288	$ 6,274
Unrecognized actuarial loss	(2,859)	(1,909)
Unrecognized prior service costs	(898)	(942)
Reported liability	$ 4,531	$ 3,423
Current service cost	$ 902	$ 561
Interest cost	416	319
Prior service cost amortization	153	122
Actuarial loss amortization	189	144
SERP expense	$ 1,660	$ 1,146
Assumptions at end of year		
Discount rate	5.4%	5.8%
Expected average remaining service life of employees	9	9
Salary scale	4%	4%

The Supplemental Executive Retirement Plan (SERP) is secured by a letter of credit held by the trustee and a refundable tax balance held by the federal government. The required amount of the letter of credit during the year was $11,746,000 (2005 - $8,152,000). The required amount for April 1, 2006 to March 31, 2007 is $15,787,000. The above information is based on the annual actuarial valuation performed as of April 1, 2006.

Note 8 Long-term Employee Benefit Liabilities (continued)

(b) Pension Expense

	2006	2005
	(thousands of dollars)	
Local Authorities Pension Plan	$ 52,366	$ 44,647
Defined contribution pension plan	4,830	4,685
Supplemental Executive Retirement Plan	1,660	1,146
	$ 58,856	$ 50,478

At December 31, 2005, the Local Authorities Pension Plan reported a deficit of $863,558,000 (2004 – deficit of $1,288,924,000).

Note 9 Unamortized External Capital Contributions

The balance of unamortized external capital contributions at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2006	2005
	(thousands of dollars)	
Balance, beginning of year	$ 851,470	$ 703,641
Purchases transferred from deferred capital contributions (Note 7)	229,259	210,763
Less amounts recognized as revenue:		
Amortization of external capital contributions		
Equipment	(40,126)	(29,082)
Facilities and improvements	(24,059)	(33,852)
	(64,185)	(62,934)
Balance, end of year	$ 1,016,544	$ 851,470

Note 10 Long-term Debt

	2006	2005
	(thousands of dollars)	
Debenture [a]	$ 46,920	$ -
Capital lease [b]	16,710	16,935
	$ 63,630	$ 16,935
Current	$ 1,108	$ 218
Non-current	62,522	16,717
	$ 63,630	$ 16,935

(a) During the year, the Region issued a debenture for $55,301,000 to the Alberta Capital Financing Authority (a related party) to finance the construction of parkades. As at March 31, 2006, $46,920,000 of this amount has been advanced to the Region.

The debenture bears interest at a fixed rate of 4.4025%, is secured against parkade revenues, and matures on September 15, 2026. Semi-annual interest payments commenced September 2005. Semi-annual principal and interest payments will commence March 2007.

(b) The Region leases a building from the University of Calgary. The lease has an implicit interest rate of 6.5% compounded annually and expires August 2028. The Region sub-leases this space to Calgary Laboratory Services ("CLS") under similar terms.

The Region has a 49.99% interest in CLS. These financial statements include the original lease obligation with the University of Calgary, a leased capital asset for 49.99%, and a lease receivable from CLS for 50.01%.

The Region is committed to making principal and interest repayments as follows:

Year ended March 31	Debentures	Capital Lease	Total
		(thousands of dollars)	
2007	$ 3,219	$ 1,318	$ 4,537
2008	4,187	1,318	5,505
2009	4,187	1,356	5,543
2010	4,187	1,384	5,571
2011	4,187	1,384	5,571
Thereafter	64,902	26,249	91,151
	$ 84,869	33,009	$ 117,878
Amount representing interest	(29,568)	(16,299)	(45,867)
	$ 55,301	$ 16,710	$ 72,011

Note 11 Commitments and Contingencies

(a) Leases

The Region is contractually committed to future operating lease payments until 2028 as follows:

Year ended March 31		2006
		(thousands of dollars)
2007	$	14,887
2008		12,240
2009		11,096
2010		9,219
2011		8,387
2012		5,552
Thereafter		13,386
	$	74,767

(b) Capital Assets

The Region has the following outstanding contractual commitments for capital assets:

		2006		2005
		(thousands of dollars)		
Construction	$	468,043	$	116,565
Equipment		19,696		13,506
Information systems		33,230		5,929
	$	520,969	$	136,000

(c) Health Service Operators

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide health services in the Region (Schedule 4). The Region has contracted for services in the year ending March 31, 2007 similar to those provided by these operators in 2006.

(d) Legal

The Region has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under LAPP. The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1.25 billion. Both the likelihood of the claim succeeding and any amount attributable to the Region are not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 12 Budget

	Approved Budget [(a)]	Adjustments [(b)]	Reported Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,999,061	$ (321)	$ 1,998,740
Other government contributions	18,480	1,420	19,900
Fees and charges	138,414	291	138,705
Ancillary operations, net	8,631	25	8,656
Donations	4,498	191	4,689
Investment and other income	66,633	(616)	66,017
Amortization of external capital contributions	61,101	-	61,101
TOTAL REVENUE	2,296,818	990	2,297,808
Expenses			
Facility-based inpatient acute nursing services	662,925	(6,266)	656,659
Facility-based emergency and outpatient services	293,603	9,928	303,531
Facility-based continuing care services	182,217	(17,476)	164,741
Ambulance services	9,171	649	9,820
Community-based services	86,658	668	87,326
Home care	98,007	4,982	102,989
Diagnostic and therapeutic services	449,128	(5,279)	443,849
Promotion, prevention and protection services	52,819	4,260	57,079
Research and education	30,165	(2,274)	27,891
Administration	56,749	20,607	77,356
Information technology	48,313	(1,583)	46,730
Support services	296,280	(7,226)	289,054
Amortization of facilities and improvements	30,783	-	30,783
TOTAL EXPENSES	2,296,818	990	2,297,808
Excess of revenue over expenses	$ -	$ -	$ -

(a) The budget was approved by the Finance and People Committee of the Board of the Region on June 9, 2005.

(b) Adjustments relate to classification changes to ensure budgeted revenue and expenses conform with actual reporting classifications.

Note 13 Alberta Health and Wellness Contributions

	2006	2005
	(thousands of dollars)	
Unrestricted contributions	$ 1,880,196	$ 1,686,926
Transferred from deferred contributions (Schedule 3)	116,495	90,181
Contributions made directly by Alberta Health and Wellness to contracted operators (Schedule 4)	1,164	1,166
	$ 1,997,855	$ 1,778,273

Note 14 Other Government Contributions

	2006	2005
	(thousands of dollars)	
Unrestricted contributions	$ 1,665	$ 1,074
Transferred from deferred contributions (Schedule 3)	19,830	13,972
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Schedule 4)	430	401
Fair value for use of non-owned non-acute care facilities	2,478	3,570
	$ 24,403	$ 19,017

Note 15 Fees and Charges

	2006			2005		
	Inpatient/ Resident	Outpatient	Total	Inpatient/ Resident	Outpatient	Total
			(thousands of dollars)			
Acute care:						
Out-of-province	$ 37,564	$ 5,930	$ 43,494	$ 33,426	$ 4,962	$ 38,358
Out-of-country	5,812	898	6,710	6,116	722	6,838
Workers Compensation Board	4,818	3,571	8,389	4,673	3,538	8,211
Federal government	390	186	576	425	189	614
Other Alberta government	359	21	380	249	16	265
Uninsured medical services	1,029	379	1,408	476	231	707
Preferred accommodation	2,033	-	2,033	2,027	-	2,027
Continuing care accommodation	696	-	696	577	-	577
Continuing care:						
Continuing care standard ward	1,988		1,988	2,067		2,067
Continuing care semi-private	9,429	-	9,429	10,117	-	10,117
Continuing care private	6,595	-	6,595	6,741	-	6,741
Federal government	1,549	-	1,549	1,787	-	1,787
Home care		255	255	-	185	185
Public health	-	1,128	1,128	-	1,060	1,060
Other	48	3,101	3,149	22	2,758	2,780
Fees and charges – contracted operators (Schedule 4)	56,106	-	56,106	53,912	-	53,912
	$ 128,416	$ 15,469	$143,885	$ 122,615	$ 13,661	$ 136,276

Note 16 Ancillary Operations

	2006					2005
	Non Patient Food Services	Parking Operations	Rental Operations	Sales of Goods and Services	Total	Total
	(thousands of dollars)					
Revenue	$ 9,579	$ 18,687	$ 1,911	$ 6,642	$ 36,819	$ 34,414
Expenses						
Direct expenses	9,630	6,970	543	6,107	23,250	18,104
Amortization	32	1,626	-	-	1,658	1,088
	9,662	8,596	543	6,107	24,908	19,192
Excess of revenue over expenses	$ (83)	$ 10,091	$ 1,368	$ 535	11,911	15,222
Less						
Administrative support to Calgary Health Trust (Note 22 (c)(ii))					3,782	3,758
Net revenue from ancillary operations					$ 8,129	$ 11,464

Note 17 Investment and Other Income

	2006	2005
	(thousands of dollars)	
Recoveries:		
Services	$ 32,648	$ 26,131
Drugs	13,382	12,412
Compensation	5,344	4,647
Materials	3,844	2,535
Other	5,600	4,981
	60,818	50,706
Investment income	14,723	14,709
Exchange loss	(276)	(566)
Interest earned on direct financing lease	550	561
Other income – contracted operators (Schedule 4)	861	824
Non-government grants	1,389	1,034
Other income	6,205	7,049
	$ 84,270	$ 74,317

Investment income comprises interest, dividends, amortization of discounts and premiums, net gains on disposals, and writedowns.

Note 18 Long-term Care Partnership

Facility-based continuing care services include expenses associated with long-term care partnership projects of $2,266,000 (2005 - $2,251,000).

The Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 27 years. These payments have a net present value of $28,660,000 at March 31, 2006 (2005 - $28,926,000) discounted at 4.26% (2005 – 4.33%). The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2006	2005
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	$ 2,211	$ 2,266
Non-current portion	28,333	27,250
	$ 30,544	$ 29,516

The investments have a market value at March 31, 2006 of $36,502,000 (2005 - $33,777,000).

Note 19 Research and Education

Research and education expenses were funded from the following sources:

	2006	2005
	(thousands of dollars)	
Alberta Health and Wellness contributions:		
Restricted	$ 24,907	$ 22,935
Unrestricted	3,063	1,773
Other government contributions	119	-
Donations	1,581	1,244
Investment and other income	1,112	1,321
	$ 30,782	$ 27,273

Note 20 Administration

		2006		2005
		(thousands of dollars)		
General administration	$	32,799	$	26,356
Human resources		16,160		15,040
Finance		9,500		8,875
Amortization		1,644		1,045
		60,103		51,316
Administration – contracted operators (Schedule 4)		7,401		5,575
	$	67,504	$	56,891

Note 21 Support Services

		2006		2005
		(thousands of dollars)		
Building maintenance, operations and security	$	91,788	$	73,236
Supply management		39,620		35,734
Housekeeping		31,453		29,357
Patient food services		27,039		25,344
Patient health records		23,629		17,223
Patient registration		16,385		16,941
Educational and library services		4,917		4,363
Biomedical engineering		5,802		3,547
Communications		4,510		6,923
Volunteers		1,993		1,726
Other		1,050		506
Support services – contracted operators (Schedule 4)		65,390		47,390
	$	313,576	$	262,290

Note 22 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints the board members of the Region. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Region and the Province are reported and disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Notes to the Consolidated Financial Statements, and Schedule 3.

Note 22 Related Parties (continued)

(b) Health Authorities

The Region shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between the Region and other health authorities are reported and disclosed in the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Notes to the Consolidated Financial Statements, and Schedule 3.

(c) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and without restriction to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act. The Calgary Health Trust is not consolidated in these financial statements.

	Calgary Health Trust			
		2006		2005
		(thousands of dollars)		
Revenue - including administrative support from the Region of $3,782 (2005 - $3,758)	$	41,676	$	24,720
Expenses - including charitable disbursements to the Region of $8,681 (2005 - $17,734)		(16,085)		(22,176)
Excess of revenue over expenses	$	25,591	$	2,544
Fair value for use of office space - not included in administrative support	$	100	$	100
Accounts payable to the Region from Calgary Health Trust	$	-	$	(100)
Total assets	$	69,461	$	43,397
Total liabilities		(8,125)		(7,653)
Net assets	$	61,336	$	35,744
Resources held by Calgary Health Trust:				
Externally restricted	$	60,788	$	35,208
Unrestricted		548		536
	$	61,336	$	35,744

Note 22 Related Parties (continued)

(ii) Alberta Children's Hospital Foundation

The Region has an economic interest in the Alberta Children's Hospital Foundation which raises funds to benefit the Region and other health related entities. The resources held by this foundation are not necessarily limited for use by the Region. The Alberta Children's Hospital Foundation is a registered charity under the Income Tax Act.

	Alberta Children's Hospital Foundation	
	2006	2005
	(thousands of dollars)	
Charitable disbursements to the Region [a]	$ 15,352	$ 2,310
Resources held by the Alberta Children's Hospital Foundation:		
Externally restricted [b]	$ 50,966	$ 42,924
Internally restricted [c]	31,481	37,619
	$ 82,447	$ 80,543
Fair value for use of office space	$ 15	$ 15
Accounts payable to the Region	$ (1,477)	$ (1,017)

[a] Includes $11 million donation towards the construction of the new Alberta Children's Hospital.

[b] Externally restricted amounts are for equipment, programs, research and education.

[c] In order to build an endowment to meet the future funding needs of the Alberta Children's Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests as well as any excess revenue over expense in the operating fund, not otherwise internally restricted, for managing short term market fluctuations.

Note 22 Related Parties (continued)

(iii) Rural Foundations

The Region has economic interests in several rural foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. The foundations are registered charities under the Income Tax Act. The foundations are:

Canmore and Area Health Care Foundation
Claresholm and District Health Foundation
High River District Health Care Foundation
Oilfields/Okotoks Health Foundation
Rosebud Health Foundation
Strathmore District Health Foundation

(d) Contracted Health Service Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. The Region has an economic interest where significant resources are transferred to these operators. The health service operators and the amounts reported in the Consolidated Statement of Operations are disclosed in Schedule 4.

Note 22 Related Parties (continued)

(e) University of Calgary

The University of Calgary (the "University") is considered a related party as the Alberta Government appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University recorded at their exchange amount are as follows:

	2006	2005
	(thousands of dollars)	
Amount included in expenses [i]	$ 23,000	$ 22,000
Amount included in revenue [ii]	$ 15,000	$ 10,000
Net payable by the Region to the University	$ 2,500	$ 3,400

[i] The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

[ii] The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases land from the University for the new Alberta Children's Hospital. The University has also provided a license to use land for a parkade at the Foothills Medical Centre (Note 5(a)).

The Region leases space from the University for a high volume lab facility (Notes 5(b) and 10(b)).

Note 23 Contracts under the Health Care Protection Act

The Region has contracts with the following surgical facilities pursuant to the *Health Care Protection Act*:

Nature of Service & Entity	Term of Contract	Annual Value	Total Expense	
			2006	2005
		(thousands of dollars)		
Ophthalmology	Oct 1/03 – Mar 31/08			
Gimbel Eye Centre		$ 1,007	$ 835	$ 953
Holy Cross Surgical Services		2,897	1,841	1,619
Michael Edward Ashenhurst, Prof. Corp. [1]		77	83	58
Mitchell Surgi-Centre and Mitchell Eye Centre [1]		447	450	426
Rocky Mountain Surgery Centre		1,184	732	696
Surgical Centres Inc.		2,466	1,789	1,537
Orthopedic Surgical Services				
Health Resource Centre – Calgary	Oct 18/04 – Oct 17/06	5,100	4,918	2,090
Oral Surgery [1]	Oct 1/03 – Mar 31/07	123		
Brian Whitestone, Prof. Corp.			21	-
Brett Habijanac, Prof. Corp.			17	-
Donald I. Wakeham, Prof. Corp.			-	2
Douglas J. Vincelli, Prof. Corp.			42	52
Francis Skulsky, Prof. Corp.			12	-
Hedd-Wyn Lloyd Williams, Prof. Corp.			4	6
Royal View Surgi Centre			9	9
Steve Bureau, Prof. Corp.			25	-
Terence A. Summers			15	19
ENT/Hernia/Pediatric Myringotomy and Tube				
Holy Cross Surgical Services	Oct 1/02 – Sep 30/05	172	118	221
Plastic Surgery				
Elizabeth Joy Hall-Findlay, Prof. Corp. [1]	Oct 1/03 – Mar 31/05		5	49
Pregnancy Terminations				
Kensington Clinic [1]	Oct 1/03 – Mar 31/07	982	1,049	967
		$ 14,455	$11,965	$ 8,706

Payments to these surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

[1] The actual expenditure amounts have not exceeded the approved annual value of the contract amounts. The difference relates to the timing of contract dates.

Note 24 Province-wide Services

Alberta Health and Wellness contributions include funding for Province-wide services, which are a range of complex, high technology and high cost medical services available to Albertans. Revenue and expenses are as follows:

	2006			
	Revenue	Expenses [a]	Variance	
	(thousands of dollars)			%
Inpatient [b]	$ 126,298	$ 116,940	$ 9,358	7
Clinical and home services [c]	82,853	93,159	(10,306)	(12)
High cost drugs and devices [d]	25,975	24,019	1,956	8
One time unallocated funding	4,750	-	4,750	100
	239,876	234,118	5,758	2
Amortization of external capital contributions	2,000	-	2,000	-
	$ 241,876	$ 234,118	$ 7,758	3

	2005			
	Revenue	Expenses [a]	Variance	
	(thousands of dollars)			%
Inpatient [b]	$ 113,583	$ 106,887	$ 6,696	6
Clinical and home services [c]	75,637	84,875	(9,238)	(12)
High cost drugs and devices [d]	21,217	21,016	201	1
	210,437	212,778	(2,341)	(1)
Amortization of external capital contributions	2,000	-	2,000	-
	$ 212,437	$ 212,778	$ (341)	0

Note 24 Province-wide Services (continued)

(a) Inpatient, and clinics and home services include direct costs, allocation of overhead and equipment amortization expense.

(b) Inpatient services consist of organ and bone marrow transplants, most heart surgeries, high-end trauma and burn cases, selected neurosurgery procedures, neuromodulation, neonatology and selected oncology procedures.

(c) Clinics and home services represent areas such as renal and peritoneal dialysis services, dialysis prevention program, pre and post transplant services, medical genetics testing, HIV clinics, poison and drug information services, home enteral nutrition therapy, pediatric transport, education centre, STD/TB clinics, ocular photodynamic therapy and children with complex health needs.

(d) High cost drugs represent actual costs for transplantation drugs, HIV drugs, human growth hormone drugs and other pre-established high-cost drugs. Drug distribution costs are included. High cost devices represent actual costs for cranioplasty, implantable defibrillators and cochlear implants.

Note 25 Subsequent Events

Subsequent to year end, the Region purchased the remaining 50.01% interest in Calgary Laboratory Services for $42 million and issued a debenture for $42 million repayable over seven years at 4.681% per annum. The debenture is also secured by assignment of the Region's parking revenues.

Note 26 Comparative Figures

Certain 2005 figures have been reclassified to conform to 2006 presentation.

Note 27 Approval of Financial Statements

These consolidated financial statements have been approved by the Board of the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006		2005
	Budget	Actual	Actual (Restated) (Note 3)
Salaries and benefits (Schedule 2)	$ 1,162,744	$ 1,168,336	$ 1,056,321
Contracts with health service operators (Schedule 4)	428,385	425,785	395,023
Contracts under the Health Care Protection Act (Note 23)	14,455	11,965	8,706
Drugs and gases	82,595	87,319	80,053
Medical and surgical supplies	95,944	102,150	90,185
Other contracted services [a]	231,040	235,663	200,595
Other [b]	226,108	231,043	196,069
	2,241,271	2,262,261	2,026,952
Amortization			
Capital equipment – internally funded	12,069	15,185	14,058
Capital equipment – externally funded	36,439	40,126	29,932
Facilities and improvements – internally funded	6,119	9,056	4,771
Facilities and improvements – externally funded	25,610	24,059	26,304
Writedown of capital assets	-	-	6,698
	80,237	88,426	81,763
	2,321,508	2,350,687	2,108,715
Less amounts reported in ancillary operations (Note 16)	(19,818)	(24,908)	(19,192)
Less administrative support to Calgary Health Trust (Note 22 (c)(i))	(3,882)	(3,782)	(3,758)
	$ 2,297,808	$ 2,321,997	$ 2,085,765

[a] Other contracted services include:

	2006	2005
Medical purchased services	$ 159,693	$ 135,269
Other purchased services	67,694	58,995
Legal fees	2,372	1,749
Other professional fees	5,904	4,582
	$ 235,663	$ 200,595

Schedule 1 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

[b] Other includes the following significant items:

	2006	2005
Utilities	$ 35,206	$ 26,568
Referred out services	26,117	22,313
Rented space	17,394	16,244
Equipment maintenance	15,749	15,562
Clinical lab and therapeutic supplies	17,431	15,372
Department and office supplies	17,802	15,275
Food supplies	16,320	13,974
Minor equipment	17,931	13,775
Communication and education expenses	13,695	12,704
Repairs and maintenance	12,397	8,325
Recruitment and travel	9,052	7,701
Housekeeping and laundry supplies	8,888	7,197
Plant maintenance and equipment supplies	4,474	4,643
Insurance	4,374	4,270
Interest incurred on long term debt	1,849	1,121
Other expenses	12,364	11,025
	$ 231,043	$ 196,069

Schedule 2

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006					2005	
		Salaries and Honoraria [b][c]					
	Number of FTE's [a]	Base	Variable	Benefits and Allowances [d]	Total	Number of FTE's [a]	Total
Board Compensation							
Chairperson							
David Tuer	1.00	$ 37	$ -	$ 4	$ 41	1.00	$ 29
Board Members							
Susan Barry (to December 5, 2004)	-	-	-	-	-	0.71	5
Diane Caleffi	1.00	11	-	2	13	1.00	8
Sandy Dougall	1.00	9	-	-	9	1.00	7
Loreen Gilmour	1.00	16	-	4	20	1.00	13
Eileen Grant	1.00	15	-	2	17	1.00	15
Myron Kanik	1.00	5	-	-	5	1.00	6
Shelley Mabbott (to September 27, 2005)	0.54	1	-	-	1	1.00	3
Lynn Martin	1.00	13	-	3	16	1.00	15
Mairi Matheson	1.00	8	-	1	9	1.00	11
N.D. (Skip) McDonald	1.00	2	-	-	2	1.00	2
Gordon McPherson	1.00	13	-	3	16	1.00	11
Robert Moskovitz (from January 31, 2006)	0.13	1	-	-	1	-	-
George Pinchbeck	1.00	15	-	3	18	1.00	14
Marjorie Ricketts	1.00	12	-	2	14	1.00	11
Courtney Rousseau	1.00	22	-	3	25	1.00	21
	13.67	$180	$ -	$ 27	$ 207	14.71	$ 171

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	2006					2005	
		Salaries and Honoraria [b][c]					
	Number of FTE's [a]	Base	Variable	Benefits and Allowances [d]	Total	Number of FTEs [a]	Total (Restated) (Note 3)
Staff Compensation							
President and Chief Executive Officer [e] (see A on following page)	1.00	$ 403	$ 182	$ 8	$ 593	1.00	$ 536
Medical Officer of Health	1.00	199	23	18	240	1.00	215
Internal Auditor	0.29	52	5	8	65	-	-
Management reporting to the CEO:							
Executive Vice President and Chief Clinical Officer [e][g]	1.00	251	132	4	387	1.02	292
Executive Vice President, Risk Management and CFO [e]	1.00	289	83	7	379	1.00	324
Senior Vice President, Planning and Capital Development [e]	1.00	241	71	5	317	0.88	246
Senior Vice President and Chief Medical Officer [h]	-	-	-	-	-	0.54	221
Senior Vice President, People and Learning [e][f]	1.00	245	62	14	321	1.00	218
Senior Vice President, Communications and Community Relations	1.00	226	71	17	314	0.90	263
Senior Vice President, Wellness	1.00	205	60	16	281	1.00	239
Senior Vice President and Advisor Patient Advocacy [h]	1.00	329	85	18	432	0.46	188
Vice President, Professional Practice and Research and Chief Nursing Officer [i]	-	-	-	-	-	0.54	118
Chief Information Officer and Associate CMO [i]	-	-	-	-	-	0.54	170
Senior Advisor to CEO	0.50	108	26	2	136	0.50	113
Executive Director, Office of the CEO and Government Relations	1.00	146	22	18	186	1.00	191
Other management reporting to above (avg. 2006 $220 - 2005 $189)	22.95	4,044	1,424	395	5,863	21.33	4,028
Other management (avg. 2006 $109 - 2005 $105)	514.84	48,697	549	7,418	56,664	485.72	51,066
Medical doctors not included above (avg. 2006 $127 - 2005 $148)	2.15	252	-	22	274	5.07	751
Regulated nurses not included above							
RN's RPNs, grad nurses, (avg. 2006 $88 - 2005 $84)	5,688.80	426,235	57	74,466	500,758	5,602.04	472,982
LPN's (avg. 2006 $50 - 2005 $50)	561.96	23,882	-	4,338	28,220	513.13	25,608
Other health technical and professional (avg. 2006 $81 - 2005 $78)	2,795.09	194,326	114	32,834	227,274	2,564.79	201,264
Unregulated health service providers (avg. 2006 $41 - 2005 $40)	1,433.71	49,244	-	9,457	58,701	1,454.06	57,625
Other staff (avg. 2006 $53 - 2005 $46)	5,412.51	237,641	534	46,889	285,064	5,105.15	238,346
Retirement arrangements [j]	-	-	-	1,660	1,660	-	1,146
Total staff compensation	16,442.80	987,015	3,500	177,614	1,168,129	15,762.67	1,056,150
	16,456.47	$ 987,195	$ 3,500	$ 177,641	$ 1,168,336	15,777.38	$ 1,056,321

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CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

A. The Governance and Audit Committee approves the compensation paid to the President and Chief Executive Officer. The compensation paid to the President and CEO and those reporting to him includes base salary and an incentive payment based on achieving annual goals. These components are intended to achieve the following objectives:

- to attract and retain highly qualified management
- to focus performance by linking incentive compensation to the achievement of strategic objectives
- to encourage retention of key leaders for the succession of our management

a. Full time equivalents (FTE's) for staff are based on the number of hours worked in a standard work year, which is 2,022.75 hours for most occupation groups. FTE's for board members are based on twelve months of service. This schedule includes employees of the Region but excludes independent contractors. Total actual discrete number of individuals employed during the year: 25,231.

b. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

c. Severance is reported as variable and includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits. Severance is excluded from the calculation of average salaries.

	2006	2005
Other management reporting to those above	$ 812	$ -
Other management	464	110
Regulated nurses	57	-
Other health technical and professional	114	73
Unregulated health service providers	-	15
Other staff	534	987
	$ 1,981	$ 1,185

d. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including Canada Pension Plan, employment insurance, Local Authorities Pension Plan, workers compensation, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, and tuition.

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

e. These individuals are provided with an automobile allowance. No dollar amount is included under benefits and allowances.

f. This position was held by two incumbents during the year.

g. These positions were held by the same incumbent during the year.

h. These positions were held by the same incumbent during the year.

i. Due to organizational restructuring effective September 7, 2004, part of this position is included in other management reporting to those above.

j. Retirement arrangements

Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments.

Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

Current service cost is the actuarial present value of the benefit earned in the fiscal year. Prior service and other costs includes amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

	2006			2005
	Current Service Cost	Prior Service and Other Costs	Total	Total
President and Chief Executive Officer	$ 177	$ 236	$ 413	$ 326
Medical Officer of Health	16	22	38	-
Internal Auditor	-	-	-	-
Executive Vice President and Chief Clinical Officer (g)	64	39	103	99
Executive Vice President, Risk Management and CFO	42	54	96	67
Senior Vice President, Planning and Capital Development	14	6	20	31
Senior Vice President and Chief Medical Officer (h)	-	-	-	33
Senior Vice President, People and Learning (f)	27	4	31	22
Senior Vice President, Communications and Community Relations	24	5	29	-
Senior Vice President, Wellness	35	32	67	55
Senior Vice President and Advisor Patient Advocacy (h)	51	14	65	28
Vice President, Professional Practice and Research and Chief Nursing Officer (i)	-	-	-	17
Chief Information Officer and Associate CMO (g)	-	-	-	34
Senior Advisor to CEO	-	-	-	-
Executive Director, Office of the CEO and Government Relations	8	1	9	5
Other management	444	345	789	429
	$ 902	$ 758	$ 1,660	$ 1,146

Schedule 3

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

		Amounts received and receivable				Amounts recognized as revenue					
	Balance March 31, 2005	Alberta Health and Wellness	Other Government Contributions	Donations	Investments and Other Income	Alberta Health and Wellness (Note 13)	Other Government Contributions (Note 14)	Donations	Investments and Other Income	Transferred from (to) Deferred Capital Contributions (Note 7)	Balance March 31, 2006
Alberta Health and Wellness programs:											
Health Link	$ 59	$ -	$ -	$ -	$ -	$ (1,141)	$ -	$ -	$ -	$ 1,082	$ -
Medical education allowance	-	24,919	-	-	100	(24,877)	-	-	(100)	1,385	1,427
Paediatric AFP	2,380	4,386	-	-	-	(5,227)	-	-	-	-	1,539
Provincial Labs	250	11,144	-	-	1,350	(10,828)	-	-	(1,350)	(320)	246
Rural on call	-	1,178	-	-	-	(1,108)	-	-	-	-	70
Specialist on call	6,623	20,086	-	-	-	(18,712)	-	-	-	-	7,997
Three Cheers	1,059	1,885	2	-	4	(2,407)	(2)	-	(4)	(1)	536
Ambulance Transition	1,066	-	-	-	-	(429)	-	-	-	-	637
Epoetin Pilot SARP	1,376	3,889	-	-	-	(3,933)	-	-	-	-	1,332
Immunization Program	-	2,433	-	-	-	(2,433)	-	-	-	-	-
Medicine ARP	2,298	33,388	-	-	834	(30,573)	-	-	(834)	-	5,113
Arthoplasty Pilot Project	8,000	4,301	-	-	-	(6,563)	-	-	-	-	5,738
Innovation Clinic	-	2,000	-	-	-	(29)	-	-	-	1,693	3,664
Health Survey	-	2,500	-	-	-	-	-	-	-	-	2,500
Rotary Wing Air Ambulance Services	-	1,663	-	-	232	(1,639)	-	-	(232)	-	24
Mental Health Innovation	-	7,676	20	-	-	(440)	(20)	-	-	(85)	7,151
Electronic Health Records	-	15,450	-	-	-	-	-	-	-	-	15,450
Safe Lifting Devices	-	2,356	-	-	-	-	-	-	-	-	2,356
Other	12,599	6,200	52	10	413	(6,117)	(52)	(86)	(413)	(4,526)	8,080
Alberta Infrastructure maintenance	3,119	-	5,640	174	-	-	(3,758)	(174)	-	(870)	4,131
Mental health programs	664	-	8,465	-	46	-	(8,385)	-	(46)	(100)	644
Calgary Health Trust	9,396	-	20	3,812	177	-	(20)	(3,207)	(177)	(619)	9,382
Child health programs	675	-	5	4,003	256	-	(5)	(2,894)	(256)	(40)	1,744
Collateral Mortgage (Note 6)	3,552	-	-	-	-	-	-	-	(145)	-	3,407
Long-term care partnership (Note 18)	29,516	-	760	-	2,595	-	(2,266)	-	(61)	-	30,544
Other provincial government programs	661	-	3,650	-	364	-	(3,832)	-	(364)	23	502
Other restricted funded programs	1,858	39	1,317	148	5,825	(39)	(1,490)	(47)	(3,078)	156	4,689
	$ 85,151	$ 145,493	$ 19,931	$ 8,147	$ 12,196	$ (116,495)	$ (19,830)	$ (6,408)	$ (7,060)	$ (2,222)	$ 118,903

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a) (2).

Unspent amounts at year end are as follows:

	2006	2005
Current	$ 87,308	$ 54,494
Non-current	31,595	30,657
	$ 118,903	$ 85,151

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	Direct Region Funding	Direct Alberta Health and Wellness Funding (Note 13)	Other Government Contributions (Note 14)	Approved Patient Fees and Charges and Other Income (Notes 15 and 17)	Total Revenue
Voluntary:					
Agape Manor Hospice	$ 2,099	$ -	$ -	$ -	$ 2,099
Bethany Care Centre - Airdrie	2,971	-	-	1,238	4,209
Bethany Care Centre - Calgary	20,984	-	-	6,422	27,406
Bethany Care Centre - Cochrane	3,036	-	-	1,280	4,316
Bethany Care Centre - Harvest Hills	3,003	-	-	1,028	4,031
Bow View Manor	8,314	366	-	2,883	11,563
Wing Kei Care Centre	2,714	-	-	1,220	3,934
Father Lacombe Nursing Home	4,674	-	-	1,743	6,417
Mineral Springs Hospital	7,558	-	430	4,453	12,441
Wentworth Manor	4,164	-	-	1,254	5,418
Other voluntary providers	3,402	-	-	-	3,402
Private:					
AgeCare - Beverly Glenmore	8,377	397	-	3,136	11,910
AgeCare - Beverly Midnapore	7,663	-	-	3,153	10,816
Central Park Lodges - Bow Crest	5,754	-	-	2,229	7,983
Central Park Lodges - Eau Claire	1,843	-	-	-	1,843
Central Park Lodges - Edgemont	1,534	-	-	-	1,534
Central Park Lodges - McKenzie Towne	7,401	-	-	2,461	9,862
Central Park Lodges - Mount Royal	3,047	-	-	1,441	4,488
Central Park Lodges - Renoir	2,045	-	-	-	2,045
Central Park Lodges - Scenic Acres	1,581	-	-	-	1,581
Extendicare Cedars Villa	8,909	-	-	3,840	12,749
Extendicare Hillcrest	4,147	238	-	1,705	6,090
Extendicare Vulcan	1,895	163	-	757	2,815
Forest Grove Care Centre	8,891	-	-	3,304	12,195
Glamorgan Care Centre	1,989	-	-	811	2,800
Holy Cross Chronic Care	1,736	-	-	693	2,429
Intercare - Brentwood	6,265	-	-	2,794	9,059
Intercare - Chinook	5,825	-	-	1,547	7,372
Intercare - Millrise	1,959	-	-	837	2,796
Intercare - Southwood	6,490	-	-	2,407	8,897
Mayfair Care Centre	5,068	-	-	2,152	7,220
Newport Harbour	5,480	-	-	2,179	7,659
Other private providers	9,853	-	-	-	9,853
Community agencies	21,895	-	-	-	21,895
Physiotherapy	3,059	-	-	-	3,059
Home care services	38,533	-	-	-	38,533
Laboratory services	133,066	-	-	-	133,066
2005 – 2006	$ 367,224	$ 1,164	$ 430	$ 56,967	$ 425,785
2004 - 2005	$ 338,720	$ 1,166	$ 401	$ 54,736	$ 395,023

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2006

(thousands of dollars)

	Facility-based Inpatient Acute Nursing Services	Facility-based Emergency and Outpatient Services	Facility-based Continuing Care Services	Ambulance Services	Community-based Care	Home Care	Diagnostic and Therapeutic Services	Administration (Note 20)	Support Services (Note 21)	Total Expenses
Voluntary:										
Agape Manor Hospice	$ -	$ -	$ 1,238	$ -	$ -	$ -	$ 168	$ 63	$ 630	$ 2,099
Bethany Care Centre										
- Airdrie	-	-	2,485	-	-	-	260	114	1,350	4,209
- Calgary	-	-	17,275	-	-	279	1,858	828	7,166	27,406
- Cochrane	-	-	2,488	-	45	-	258	130	1,395	4,316
- Harvest Hills	-	-	2,509	-	12	-	237	122	1,151	4,031
Bow View Manor	-	-	6,525	-	259	194	689	349	3,547	11,563
Wing Kei Care Centre	-	-	2,260	-	-	-	234	119	1,321	3,934
Father Lacombe Nursing Home	-	-	3,718	-	195	-	387	194	1,923	6,417
Mineral Springs Hospital	4,204	1,383	1,235	-	-	-	1,909	1,058	2,652	12,441
Wentworth Court	-	-	2,207	-	944	471	225	164	1,407	5,418
Other voluntary providers	-	-	588	-	2,200	140	60	103	311	3,402
Private:										
AgeCare - Beverly Glenmore	-	-	6,857	-	126	-	723	360	3,844	11,910
AgeCare - Beverly Midnapore	-	-	5,736	-	10	-	592	327	4,151	10,816
Central Park Lodges										
- Bow Crest	-	-	4,790	-	-	-	496	241	2,456	7,983
- Eau Claire	-	-	-	-	961	810	-	56	16	1,843
- Edgemont	-	-	-	-	642	844	-	46	2	1,534
- McKenzie Towne	-	-	4,207	-	963	713	423	298	3,258	9,862
- Mount Royal	-	-	2,538	-	-	-	254	136	1,560	4,488
- Renoir	-	-	-	-	803	1,182	-	60	-	2,045
- Scenic Acres	-	-	-	-	553	987	-	41	-	1,581
Extendicare Cedars Villa	-	-	7,420	-	-	-	757	385	4,187	12,749
Extendicare Hillcrest	-	-	3,452	-	-	-	355	184	2,099	6,090
Extendicare Vulcan	-	-	1,570	-	-	-	170	85	990	2,815
Forest Grove Care Centre	-	-	7,171	-	258	-	734	368	3,664	12,195
Glamorgan Care Centre	-	-	1,656	-	-	-	171	85	888	2,800
Holy Cross Chronic Care	-	-	1,287	-	-	-	131	73	938	2,429
Intercare - Brentwood	-	-	5,221	-	-	-	534	274	3,030	9,059
Intercare - Chinook	-	-	4,557	-	-	-	446	223	2,146	7,372
Intercare - Millrise	-	-	1,631	-	-	-	169	84	912	2,796
Intercare - Southwood	-	-	5,186	-	-	-	545	269	2,897	8,897
Mayfair Care Centre	-	-	4,220	-	-	-	431	218	2,351	7,220
Newport Harbour	-	-	4,007	-	-	-	411	231	3,010	7,659
Other Private Providers	-	968	-	-	8,481	153	-	113	138	9,853
Community agencies	-	1,735	-	1,868	13,440	4,852	-	-	-	21,895
Physiotherapy	-	-	-	-	-	-	3,059	-	-	3,059
Home care services	-	-	-	-	654	37,879	-	-	-	38,533
Laboratory services	-	851	-	-	-	-	132,215	-	-	133,066
2005 – 2006	$ 4,204	$ 4,937	$ 114,034	$ 1,868	$ 30,546	$ 48,504	$ 148,901	$ 7,401	$ 65,390	$ 425,785
2004 – 2005	$ 3,034	$ 4,340	$ 115,037	$ 815	$ 29,455	$ 45,679	$ 143,698	$ 5,575	$ 47,390	$ 395,023

David Thompson
#4

DAVID THOMPSON REGIONAL
HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006
and
AUDITORS' REPORT

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2006

Auditors' Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

CUTHBERTSON SANDALL
chartered accountants

AUDITORS' REPORT

To the Members of the David Thompson Regional Health Authority and the Minister of Health

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2006 and the statements of operations and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and Financial Directives issued by Alberta Health and Wellness.

Cuthbertson Sandall
Chartered Accountants

Red Deer, Alberta
May 19, 2006

DTHR
DAVID THOMPSON
HEALTH REGION

Corporate Administration
DTHR Corporate Office
#602, 4920 – 51 St.
Red Deer, AB T4N 6K8
Phone: 403.341.8622 Fax: 403.341.8632

David Thompson Regional Health Authority

Management's Responsibility for Financial Reporting

Financial Statements

March 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

John Vogelzang

John Vogelzang
President & CEO

Bryan Judd
Vice President & Chief Operating Officer
Corporate Services

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2006
(thousands of dollars)

	2006 Actual	2005 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	$ 20,973	$ 44,890
Accounts receivable	19,528	6,440
Contributions receivable from Alberta Health and Wellness	44,166	6,502
Inventories	5,935	5,524
Prepaid expenses	2,390	2,768
	92,992	66,124
Non-current cash and investments (Note 3)	26,020	29,737
Capital assets (Note 4)	417,860	405,415
Loans - continuing care partnership projects (Note 5)	20,727	21,418
Other assets (Note 6)	942	920
TOTAL ASSETS	$558,541	$ 523,614
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 42,426	$ 39,572
Accrued vacation pay	20,702	19,257
Deferred contributions (Schedule 3)	56,472	19,450
Current portion of long-term debt (Note 8)	210	201
	119,810	78,480
Deferred capital contributions (Note 7)	26,020	29,737
Deferred contributions - continuing care partnership projects (Note 5)	21,223	21,914
Long-term debt (Note 8)	647	850
Unamortized external capital contributions (Note 9)	381,641	372,325
	549,341	503,306
Net assets		
Accumulated deficit (Note 10)	(25,737)	(11,306)
Investment in capital assets from internally funded sources (Note 4)	34,937	31,614
Operating net assets	9,200	20,308
TOTAL LIABILITIES AND NET ASSETS	$558,541	$ 523,614

Commitments and contingencies (Note 11)

The accompanying notes and schedules are an integral part of these financial statements.

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget (Note 12)	Actual	Actual (Restated) (Note 23)
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 461,599	$ 455,905	$ 437,418
Other government contributions (Note 14)	10,355	10,052	11,595
Fees and charges (Note 15)	30,890	32,189	30,605
Ancillary operations, net (Note 16)	312	410	262
Donations	751	929	751
Investment and other income (Note 17)	13,424	14,779	10,500
Amortized external capital contributions (Note 9)	22,641	24,843	19,391
TOTAL REVENUE	539,972	539,107	510,522
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	137,172	143,984	132,326
Facility-based emergency and outpatient services	35,440	37,003	33,493
Facility-based continuing care services	56,337	56,724	53,293
Ambulance services	132	132	118
Community-based care	16,361	15,750	15,446
Home care	21,698	22,119	20,640
Diagnostic and therapeutic services	89,906	93,828	84,003
Promotion, prevention and protection services	18,335	18,225	16,816
Research and education	450	454	359
Administration (Note 18)	25,142	25,477	22,921
Information technology	12,459	12,694	10,766
Support services (Note 19)	105,981	103,264	101,993
Amortization of facilities and improvements	14,080	14,082	13,865
Capital assets write down (Note 20)	6,479	6,479	-
TOTAL EXPENSES	539,972	550,215	506,039
(Deficiency) excess of revenue over expenses	$ -	$ (11,108)	$ 4,483

David Thompson Regional Health Authority
Statement of Changes In Net Assets
For the Year Ended March 31, 2006
(thousands of dollars)

	2006			2005
	Accumulated surplus/(deficit) (Note 10)	Investments in capital assets from internally funded sources	Total	Total
Balance at beginning of year	$ (11,306)	$ 31,614	$ 20,308	$ 15,825
(Deficiency) excess of revenue over expenses	(11,108)	-	(11,108)	4,483
Capital assets purchased with internal funds	(9,782)	9,782	-	-
Amortization on internally funded capital assets	4,043	(4,043)	-	-
Repayment of long-term debt used to fund capital assets	(194)	194	-	-
Loss on disposal of internally funded capital assets	78	(78)	-	-
Other	2,532	(2,532)	-	-
Balance at end of year	$ (25,737)	$ 34,937	$ 9,200	$ 20,308

David Thompson Regional Health Authority
Statement of Cash Flow
For the Year Ended March 31, 2006
(thousands of dollars)

	2006 Budget	2006 Actual	2005 Actual
Cash generated from (used by):			
Operating activities:			
(Deficiency) excess of revenue over expenses	$ -	$ (11,108)	$ 4,483
Non-cash transactions:			
Amortization of capital equipment - internally funded	4,936	3,669	3,417
- externally funded	4,714	7,265	5,369
Amortization of facilities and improvements	14,082	13,909	13,329
Amortized external capital contributions (Note 9)	(22,641)	(24,843)	(19,391)
Loss on disposal of equipment	-	139	466
Loss on disposal of facilities and improvements	-	35	536
Capital assets write down (Note 20)	6,479	6,479	-
Changes in non-cash working capital accounts	(10,000)	(13,203)	(12,463)
Cash generated from (used by) operations	(2,430)	(17,658)	(4,254)
Investing activities:			
Purchase of capital assets:			
internally funded	(15,880)	(9,782)	(6,545)
externally funded - equipment (Note 9)	(4,570)	(13,414)	(6,718)
externally funded - facility and improvements (Note 9)	(12,000)	(20,745)	(36,208)
Allocations to non-current cash and investments	-	-	(4,106)
Cash used by investing activities	(32,450)	(43,941)	(53,577)
Financing activities:			
Capital contributions received (Note 9)	16,570	34,159	42,926
Principal payments on long-term debt	(209)	(194)	(163)
Proceeds from long-term debt	-	-	602
Allocations from non-current cash and investments	5,595	3,717	-
Cash generated from financing activities	21,956	37,682	43,365
Decrease in cash and investments	(12,924)	(23,917)	(14,466)
Cash and investments, beginning of year	44,890	44,890	59,356
Cash and investments, end of year	$ 31,966	$ 20,973	$ 44,890

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Alberta Hospital Ponoka
Bentley Care Centre
Breton Health Centre
Consort Hospital and Care Centre
Coronation Hospital and Care Centre
Drayton Valley Hospital and Care Centre
Drumheller Health Centre
Hanna Health Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Red Deer Valley Park Manor Care Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Health Centre
Stettler Hospital and Care Centre
Sundre Hospital and Care Centre
Three Hills Health Centre
Wetaskiwin Hospital and Care Centre

Castor Community Health Centre
Consort Community Health Centre
Coronation Community Health Centre
Drayton Valley Community Health Centre
Drumheller Environmental Health and Support Services
Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Bremner Ave. Community Health Centre
Red Deer 49th St. Community Health Centre
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Stettler Community Health Services
Sundre Community Health Centre
Sylvan Lake Community Health Centre
Wetaskiwin Community Health Centre
Winfield Community Health Centre

Drayton Valley Mental Health Centre
Drumheller Mental Health Centre
Hanna Mental Health Centre
Lacombe Mental Health Centre
Olds Mental Health Centre
Ponoka Mental Health Centre
Rimbey Mental Health Centre
Rocky Mountain House Mental Health Centre
Stettler Mental Health Centre
Three Hills Mental Health Centre
Wetaskiwin Mental Health Centre

Note 1 Authority, Purpose and Operations (continued)

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 21 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of presentation

(1) These financial statements were prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the Authority.

(2) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital assets is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(c) Employee future benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Authority. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and an actuarial estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the group.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation payable approximates their fair value because of the short-term maturity of these items.

The carrying value of cash and investments and long-term debt approximates their fair value because the interest rates approximate market values.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(f) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(g) Capital assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Facilities and improvements	10 - 40 years
Land improvements	10 - 20 years
Equipment	5 - 20 years

Capital projects in progress are not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital assets ownership to the Authority are reported as capital asset acquisitions financed by long-term obligations.

(h) Restructuring costs

Restructuring costs are expensed in the period the restructuring decision is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amortization of capital assets and external capital contributions is based on estimates of the useful life of related assets. Actual results could differ from estimates.

Note 3 **Cash and Investments**

	2006	2005
	(thousands of dollars)	
Cash	$32,845	$27,096
Money market securities	6,397	31,411
Bonds and bond funds	6,568	13,552
Marketable securities	1,183	2,568
Total cash and investments	$46,993	$74,627
Classified as:		
Current	$20,973	$44,890
Non current	26,020	29,737
Total cash and investments	$46,993	$74,627

Marketable securities are comprised of publicly traded equities. Risk is minimized by prudent security selection and sector rotation through independent investment counsel.

Bonds and bond funds include provincial, federal and global bonds. Payments from these bonds are backed by the ability of the issuing corporations to pay and are not guaranteed. Bonds held at March 31, 2006 bear interest at rates ranging from 4.0% to 6.375% paid annually. The effective yield on these bonds based on the carrying value at March 31, 2006 is 3.94%.

Market value of cash and investments at March 31, 2006 is $47,021,000 (2005 $75,067,000).

Non-current cash and investments represent the following:

	2006	2005
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 5,593	$ 6,765
Externally restricted for major redevelopment projects	19,946	21,921
Externally restricted grants for Regional Shared Health Information Program	481	1,051
	$26,020	$29,737

Note 4 Capital Assets

	Cost				
	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
	(thousands of dollars)				
	(Restated) (Note 23)				
Land	$ 6,577	$ -	$ -	$ -	$ 6,577
Land improvements	3,542	167	-	(51)	3,658
Facilities and improvements	475,839	30,218	894	(2,807)	504,144
Equipment	101,236	13,900	7,412	(6,303)	116,245
Capital projects in progress	62,758	(44,252)	35,601	(11)	54,096
	$ 649,952	$ 33	$ 43,907	$ (9,172)	$ 684,720

	Accumulated Amortization				Net Book Value	
	Opening Balance April 1, 2005	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2006	March 31, 2006	March 31, 2005
	(thousands of dollars)					
	(Restated) (Note 23)					(Restated) (Note 23)
Land	$ -	$ -	$ -	$ -	$ 6,577	$ 6,577
Land improvements	2,520	90	(29)	2,581	1,077	1,022
Facilities and improvements	181,168	13,819	(275)	194,712	309,432	294,672
Equipment	60,849	10,934	(2,216)	69,567	46,678	40,386
Capital projects in progress	-	-	-	-	54,096	62,758
	$ 244,537	$ 24,843	$ (2,520)	$ 266,860	$ 417,860	$ 405,415

(a) Land

Land, facilities, improvements and equipment at the sites listed below were provided to the Authority at nominal values. These capital assets have been included at their estimated net book value.

Site	Leased from	Lease period
Castor Our Lady of the Rosary Hospital and Care Centre	Alberta Infrastructure	April 1, 2003 to March 31, 2102
Trochu St. Mary's Health Care Centre	Alberta Infrastructure	October 1, 2003 to Sept. 30, 2102

Note 4 Capital Assets (continued)

(b) Leased equipment

Equipment was acquired through capital leases at a cost of $602,000 (2005) with accumulated amortization of $249,000 (2005 $110,000).

Capital assets were funded from the following sources:

	2006	2005
	(thousands of dollars)	
Short-term debt	$ 425	$ 425
Long-term debt (Note 8)	857	1,051
Unamortized external capital contributions (Note 9)	381,641	372,325
Internally funded (invested in capital assets)	34,937	31,614
	$417,860	$405,415

Note 5 Loans - Continuing Care Partnership Projects

	2006	2005
	(thousands of dollars)	
Loans receivable		
Continuum Healthcare Corporation	$ 229	$ 263
Voluntary health service providers	20,498	21,155
	$20,727	$21,418

The Authority has a forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, $34,048 (2005 $31,768) was forgiven under the terms of the agreement.

The Authority signed contracts with two voluntary health service providers under the Private Public Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to build and operate continuing care and assisted living facilities within the region. The Authority uses the forgivable mortgage model for reporting the contribution and advancement of funds. The provincial government supports partnerships between the Authority and private, public or voluntary organizations by providing a one-time, up-front capital grant. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner as per the terms of the contract. During the year, $657,047 (2005 $629,547) was forgiven on the loans receivable.

Note 5 **Loans - Continuing Care Partnership Projects (continued)**

In addition, pursuant to the contracts, interest has been charged at the bank prime rate (3.75% - 5.00%) plus 2% on the loans receivable for a total of $1,454,824 (2005 $1,345,160). This amount is included in investment income. The interest has been forgiven and $1,454,824 (2005 $1,345,160) has been recorded in the continuing care services expenses for the year. The remaining balance of the loans will be forgiven or repaid over a term of 30 years commencing on the date of completion of the facilities.

Note 6 **Other Assets**

	2006	2005
	(thousands of dollars)	
Deferred development cost		
Wetaskiwin	$271	$271
Drayton Valley	115	115
Mineral rights	24	24
Cooperative's shares	3	3
Accrued pension benefit	529	507
	$942	$920

The deferred development cost includes the cost of land and improvements for the construction of units that are being built as part of the Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

The accrued pension benefit relates to the Senior Executive Retirement Plan which is fully funded.

Note 7 **Deferred Capital Contributions**

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(2)(ii).

	2006	2005
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions (Note 13)	$ 4,330	$ 4,067
Restricted other government contributions	19,174	32,441
Regional Shared Health Information Program	289	1,051
Donations restricted for capital purposes	982	1,515
	24,775	39,074
Transferred to:		
Unamortized external capital contributions (Note 9)	(27,240)	(31,245)
Other government contributions (Note 14)	(422)	(2,973)
Regional Shared Health Information Program	(830)	-
Deferred contributions	-	(68)
	(28,492)	(34,286)
Change during the year	(3,717)	4,788
Balance, beginning of year	29,737	24,949
Balance, end of year	$ 26,020	$ 29,737

Balance at the end of the year is restricted for the following purposes:

	2006	2005
Equipment replacement	$ 5,593	$ 6,766
Improvement of capital assets	-	828
Regional Shared Health Information Program	481	1,051
New construction	19,946	21,092
	$ 26,020	$ 29,737

Note 8 Long-term Debt

	2006	2005
	(thousands of dollars)	
Bank loan	$ 505	$ 560
Obligations under capital leases	352	491
	857	1,051
Current portion	(210)	(201)
	$ 647	$ 850

Future principal payments are estimated as follows:

	Bank Loan	Capital Lease	Total
	(thousands of dollars)		
2007	$ 58	$ 152	$ 210
2008	60	152	212
2009	62	48	110
2010	64	-	64
2011 and thereafter	261	-	261
	$ 505	$ 352	$ 857

The bank loan is due in monthly installments of $6,365 including interest at 4%. It is secured by a general assignment of book debts and matures November 2008.

The capital lease is due in monthly installments of $13,000 to $14,000 including interest at 3%. There is a bargain purchase option of $1 in year four.

Note 9 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2(a)(2)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
	(thousands of dollars)	
Balance, beginning of year	$ 372,325	$ 348,790
Transfers from deferred capital contributions (Note 7)	27,240	31,245
Transferred from deferred contributions (Schedule 3)	1,661	1,472
Other additions	-	11
Regional Shared Health Information Program	5,258	10,198
	34,159	42,926
Less amounts recognized as revenue:		
Amortization of externally funded equipment	(7,265)	(5,369)
Amortization of externally funded facilities and improvements	(13,535)	(13,291)
Loss on disposal of externally funded facilities and improvements	(23)	(471)
Loss on disposal of externally funded equipment	(73)	(260)
Write down of externally funded equipment	(3,947)	-
	(24,843)	(19,391)
Balance, end of year	$ 381,641	$ 372,325

Note 10 Accumulated Deficit

The Authority's accumulated deficit comprises the following:

	2006	2005
	(thousands of dollars)	
Unrestricted net assets	$ (25,737)	$ (11,306)

Note 11 Commitments and Contingencies

The Authority is contingently liable for the buyback of 33 assisted living units at the option of and at 90% of the original cost to the purchaser. The average cost is $100,000 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

The Authority has entered into Private Public Partnerships (P3) for the provision of continuing care services. Capital construction is complete on all contracts currently in place. There are ongoing commitments for the Authority to provide operating funds to the P3 partners for the provision of contracted continuing care services. Contracted continuing care services total $17,564,652 on an annual basis, subject to inflation and service requirements.

The Authority is currently at the request for proposal stage for an additional P3 project that would replace 220 continuing care beds in Valley Park Manor and Red Deer Nursing Home.

The Authority has committed to a capital upgrade project at the Red Deer Regional Hospital site in the amount of $100,760,000. Total costs to date are $100,765,685 and total contributions to date are $97,100,000. There are remaining commitments to be incurred over the next fiscal year.

The Authority has committed to a capital upgrade project at the Rimbey Health Centre in the amount of $18,900,000. Total costs to date are $679,166 and total contributions to date are $14,000,000. The remaining unfulfilled commitment will be incurred over the next two fiscal years.

The Authority has a commitment to complete the Alberta Hospital Ponoka Redevelopment Phase III Project in the amount of $101,000,000. Total costs to date are $100,500,397 and total contributions to date are $101,000,000. The remaining commitment will be will be incurred in the next fiscal year.

The Authority has committed to a capital project at the Red Deer Community Health Centre in the amount of $7,600,000. Total costs to date are $34,576 and contributions to date total $7,600,000. The commitment will be incurred over the next two fiscal years.

The Authority has committed to a capital project at the Mitchener Centre Site in Red Deer in the amount of $11,300,000. The commitment will be incurred over the next two fiscal years.

Note 11 Commitments and Contingencies (continued)

In order to reduce the effects of fluctuations in exchange rates, the Authority entered into foreign exchange contracts, on behalf of all the participating regions, in relation to USD commitments under the Regional Shared Health Information Program. (See Note 21(b) (ii)). Contracts require specified amounts of USD currency be purchased quarterly at set rates. The total of all contracts is $27,800,000 USD ($35,343,940 CAD). During the year, $17,000,000 USD ($21,613,201 CAD) was purchased. For the period April 2006 through September 2007, total commitments are $6,200,000 USD ($7,882,461 CAD).

A statement of claim has been filed for approximately $1.25 billion, naming the government of Province of Alberta and all employers who participate in the Local Authorities Pension Plan (LAPP), including the Authority, as Defendants. The Statement of Claim includes allegations, which have not been proven in a court, concerning the methodology used to calculate pension benefit payments under LAPP. It is expected that the Government of Alberta will vigorously defend itself against the Claim and will file a statement of defense. As with all lawsuits, the mere commencement of the suit does not itself indicate that the claim has merit. It is therefore not possible at this time to determine the amount, if any, that would be assessed against the Authority if the Claim were successful. Accordingly, no provision has been made in the accounts for this contingency.

Note 12 Budget

	2005/06 Approved Budget(1)	Adjustments(2)	2005/06 Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 461,467	$ 132	$ 461,599
Other government contributions	6,232	4,123	10,355
Fees and charges	31,636	(746)	30,890
Ancillary operations, net	312	-	312
Donations	751	-	751
Investment and other income	9,162	4,262	13,424
Amortized external capital contributions	18,694	3,947	22,641
TOTAL REVENUE	528,254	11,718	539,972
Expenses			
Facility-based inpatient acute nursing services	139,786	(2,614)	137,172
Facility-based emergency and outpatient services	36,793	(1,353)	35,440
Facility-based continuing care services	57,800	(1,463)	56,337
Ambulance services	-	132	132
Community-based care	13,761	2,600	16,361
Home care	23,498	(1,800)	21,698
Diagnostic and therapeutic services	88,375	1,531	89,906
Promotion, prevention and protection services	17,835	500	18,335
Research and education	430	20	450
Administration	21,655	3,487	25,142
Information technology	11,659	800	12,459
Support services	102,682	3,299	105,981
Amortization of facilities and improvements	13,980	100	14,080
Capital assets write down	-	6,479	6,479
TOTAL EXPENSES	528,254	11,718	539,972
Excess of revenue over expenses	$ -	$ -	$ -

(1) The budget was approved by the Board of the Authority on May 11, 2005, and submitted to the Minister of Health and Wellness for approval.

Note 12 Budget (continued)

(2) In accordance with Note 2 (b), the approved budget has been adjusted to reflect the full cost of contracted health operators. There is no net impact on the budgeted surplus for the year, but the adjustments allow for the appropriate allocations to the related revenue and expense categories. In addition, the Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Note 13 Alberta Health and Wellness Contributions

	2006	2005
	(thousands of dollars)	
Unrestricted contributions	$ 444,220	$ 428,495
Restricted contributions	22,427	18,054
Funds held in trust contributions	34,150	-
Transfers from deferred contributions (Schedule 3)	11,501	8,735
Transfers to deferred contributions (Schedule 3)	(52,250)	(13,986)
Transferred to deferred capital contributions (Note 7)	(4,330)	(4,067)
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operations	187	187
	$ 455,905	$ 437,418

Note 14 Other Government Contributions

	2006	2005
	(thousands of dollars)	
Alberta Government		
Unrestricted Alberta Infrastructure (Schedule 3)	$ 5,673	$ 3,940
Fair value of rent less rent charges for non-acute care facilities used by the Authority	756	1,187
Transfers from deferred contributions (Schedule 3)	3,201	2,748
Transfers from deferred capital contributions (Note 7)	422	2,973
Other	-	747
	$ 10,052	$ 11,595

Note 15 Fees and charges

	Inpatient/Resident		Outpatient		Total	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
			(thousands of dollars)			
Acute Care						
Out-of-province	$ 2,769	$ 2,134	$ 1,680	$ 1,184	$ 4,449	$ 3,318
Out-of-country base amount	39	81	68	53	107	134
Out-of-country surcharge	48	101	84	66	132	167
WCB standard charges	999	796	2,377	2,236	3,376	3,032
Federal	149	180	245	232	394	412
Preferred accommodation	156	83	-	-	156	83
Insured resident self-pay	879	806	43	-	922	806
Uninsured resident	159	209	181	84	340	293
Continuing care standard ward	5	67	-	-	5	67
Continuing care semi-private	226	320	-	-	226	320
Continuing care private	150	17	-	-	150	17
	5,579	4,794	4,678	3,855	10,257	8,649
Continuing Care						
Continuing care standard ward	596	571	-	-	596	571
Continuing care semi-private	9,383	10,073	-	-	9,383	10,073
Continuing care private	11,953	11,288	-	-	11,953	11,288
	21,932	21,932	-	-	21,932	21,932
Home Care						
Homemaking fees	-	-	-	24	-	24
Total	$ 27,511	$ 26,726	$ 4,678	$ 3,879	$ 32,189	$ 30,605

Note 16 Ancillary Operations

	2006								2005
	Non-Patient Food Services	Ambulance Services	Assisted Living Condos[1]	Sale of Goods and Service	Parking Operations	David Thompson Dispensary	TV and Telephone	Total	Total
	(thousands of dollars)								
Revenue	$ 1,910	$ 204	$ 70	$ 2,666	$ 1,107	$ 1,029	$ 134	$ 7,120	$ 6,143
Expenses									
Other expenses	1,939	194	49	2,666	685	1,085	64	6,682	5,856
Amortization	1	26	-	-	1	-	-	28	25
	1,940	220	49	2,666	686	1,085	64	6,710	5,881
Excess (deficiency) of revenue over expense	$ (30)	$ (16)	$ 21	$ -	$ 421	$ (56)	$ 70	$ 410	$ 262

(1) Includes Designated Assisted Living: Housing/hoteling component for only those facilities owned by a health region

Note 17 Investment and Other Income

	2006	2005
	(thousands of dollars)	
Investment income	$ 2,951	$ 3,214
Transfers from deferred contributions (Schedule 3)	1,074	456
Other income	10,754	6,830
	$14,779	$10,500

Investment income is comprised of interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Other income is comprised of revenue from vocational rehabilitation programs and various revenue and expense recoveries external to the authority.

Note 18 Administration

	2006	2005
	(thousands of dollars)	
General administration	$11,031	$10,254
Finance	4,370	4,264
Human resources	7,105	5,884
Administration - contract operators (Schedule 4)	2,971	2,519
	$25,477	$22,921

Note 19 Support Services

	2006	2005
	(thousands of dollars)	
Bio-medical engineering	$ 447	$ 492
Building, maintenance, operations and security	30,337	31,890
Case management	949	933
Communications	2,794	2,309
Education	2,990	3,023
Housekeeping	13,706	13,302
Laundry and linen	4,519	4,250
Material management	7,641	7,568
Patient food services	16,903	16,692
Patient health records	6,718	5,741
Patient registration	3,119	3,028
Patient transportation	6,727	6,361
Volunteer services	813	739
Support services - contract operators (Schedule 4)	5,601	5,665
	$103,264	$101,993

Note 20 Capital assets write down

As a result of the settlement of outstanding legal claims against the Authority, internally funded capital assets have been written down by $2,531,877.

As a result of a change in the percentage used for allocating the cost of RSHIP to the seven participating regions, software has been written down by $3,947,520.

Note 21 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes to the financial statements.

Note 21 Related Parties (continued)

(b) Health authorities

(i) The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(ii) The Authority has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system. The other partners to the agreement are:

Northern Lights Health Region	Chinook Health Region
Peace Country Health	East Central Health
Aspen Health Region	Palliser Health Region

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from the Authority for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by the Authority and its partners.

Costs of RSHIP have been accounted for using the proportionate consolidation method.

Note 21 Related Parties (continued)

(c) Foundations

David Thompson Health Region has an economic interest in the following foundations:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2006	
	2006	2005	Externally Restricted	Internally Restricted
	(thousands of dollars)			
David Thompson Health Region Foundation	$ 430	$ 1,992	$ -	$ -
Wetaskiwin Health Foundation	515	20	229	800
Drayton Valley Health Services Foundation	43	39	-	-
Stettler Health Services Foundation	62	-	-	-
Coronation Health Centre Foundation	19	2	-	-
Drumheller Area Health Foundation	81	84	-	-
Consort Hospital Foundation	3	-	-	-
	$ 1,153	$ 2,137	$ 229	$ 800

Contributions are comprised of externally restricted amounts for equipment, programs, research and education.

Amounts related to administrative support provided to foundations and the accounts receivable from the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31,	
	2006	2005	2006	2005
	(thousands of dollars)			
David Thompson Health Region Foundation	$ 38	$ 35	$ 570	$ 109
Wetaskiwin Health Foundation	-	-	1	-
Drayton Valley Health Services Foundation	-	-	1	14
Stettler Health Services Foundation	-	-	-	-
Coronation Health Centre Foundation	-	-	-	-
Drumheller Area Health Foundation	-	-	4	10
Consort Hospital Foundation	-	-	-	-
	$ 38	$ 35	$ 576	$ 133

Note 21 Related Parties (continued)

Audited Financial Statements were not available from the foundations at the time of preparation of these financial statements.

Resources of the foundations are restricted by donors for the exclusive use of the hospital or care centre in the community in which the foundation resides.

(d) Voluntary and private health service operators

The Authority has an economic interest through its contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The Pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable. At December 31, 2005, the Local Authorities Pension Plan reported a deficit of $863,558,000 (2004 deficit $1,288,924,000).

The Authority provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. These assets are held in a Trust Fund administered by the Trustee, the Royal Trust Company of Canada. The plan is fully funded at March 31, 2006. The total pension obligation at the end of the fiscal year was $961,962 (2005 $720,712).

	2006	2005
	(thousands of dollars)	
Amounts expensed related to:		
Local Authorities Pension Plan	$16,734	$14,931
Supplemental Executive Retirement Plan (Schedule 2)	213	213
	$16,947	$15,144

Note 23 Comparative Figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 24 Subsequent Events

Alberta Infrastructure and Transportation (AIT) is transferring health facilities it owns and leases to regional health authorities (RHAs) to deliver health care services. Subsequent to yearend, AIT undertook the process to transfer these facilities, at nominal cost, to the RHAs where they are located. The facilities to be transferred to the Authority are Our Lady of the Rosary, Castor and St. Mary's Health Care Centre, Trochu, which are currently leased to the Authority.

Note 25 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit, or if the accumulated surplus is insufficient, providing the Minister of Health and Wellness with a plan to eliminate the accumulated deficit within three years. Discussions are ongoing with the Ministry.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Salaries and benefits (Schedule 2)	$ 361,681	$ 362,994	$ 340,372
Contracts with health service operators (Schedule 4)	30,280	33,664	29,379
Drugs and gases	11,526	11,866	10,918
Medical and surgical supplies	11,817	12,940	11,290
Other contracted services	30,266	32,968	28,960
Interest on long-term debt	33	33	31
Other (1)	70,612	70,966	67,853
Amortization:			
Capital equipment - internally funded	4,936	3,736	3,623
Capital equipment - externally funded	4,714	7,336	5,629
Facilities and improvements	14,080	13,943	13,865
Capital assets write down - equipment (Note 20)	3,947	3,947	-
Capital assets write down - facilities and improvements (Note 20)	2,532	2,532	-
Less amounts reported in ancillary operations (Note 16)	(6,452)	(6,710)	(5,881)
	$ 539,972	$ 550,215	$ 506,039

(1) Other:

Building and equipment maintenance	$ 15,109	$ 15,227
Diagnostic and therapeutic supplies	5,621	5,228
Dietary supplies	6,647	6,131
Insurance	1,719	1,823
Minor equipment purchases	1,285	1,905
Patient transport and staff travel	11,164	9,850
Rental or lease of building and equipment	4,688	4,302
Utilities	10,544	11,446
Other	14,189	11,941
	$ 70,966	$ 67,853

Schedule 2

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2006
(thousands of dollars)

	2006				Severance			2005			
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1] Restated (Note 23)	Salaries, Honoraria, Benefits[2][3]	Severance	Total
Board Compensation											
Chairperson											
Graham, J. - Provincial Business		$ 16	$ -	$ 16		$ -	$ 16		$ 18	$ -	$ 18
- DTRHA Business		33	-	33		-	33		37	-	37
Board Members											
Anderson, C.		16	2	18		-	18		20	-	20
Bergman, G.		12	-	12		-	12		11	-	11
Dawe, M.		12	-	12		-	12		16	-	16
Fowler, R.D.		15	2	17		-	17		18	-	18
Gataint, I.		10	-	10		-	10		14	-	14
Gillespie, E.S.		11	-	11		-	11		12	-	12
King, R.		-	-	-		-	-		3	-	3
Moore, W.		19	-	19		-	19		27	-	27
Notley, W.		12	2	14		-	14		16	-	16
Pedersen, B.		15	2	17		-	17		6	-	6
Posti, H.		12	-	12		-	12		4	-	4
Rooyakkers, K.		15	2	17		-	17		20	-	20
Taylor, S.J.		14	2	16		-	16		20	-	20
Thompson, R.G.		12	-	12		-	12		16	-	16
Ungstad, D.		12	-	12		-	12		13	-	13
Total honoraria		$ 236	$ 12	$ 248		$ -	$ 248		$ 271	$ -	$ 271

Schedule 2 (Continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2006
(thousands of dollars)

	2006							2005			
					Severance						
	Number of Individuals[1]	Salaries and Honoraria [2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1] Restated (Note 23)	Salaries, Honoraria, Benefits[2][3]	Severance	Total
Staff											
President & CEO	1.00	$ 277	$ 19	$ 296	$ -	$ -	$ 296	1.00	$ 278	$ -	$ 278
Management persons reporting to the CEO											
Sr. Vice President & COO - Health Services	1.00	180	17	197	-	-	197	1.00	192	-	192
Vice President & COO - Corporate Services	1.00	164	18	182	-	-	182	1.00	178	-	178
Vice President - Public Health	1.00	144	17	161	-	-	161	1.00	156	-	156
Vice President - Capital Planning & Project Development	1.00	144	18	162	-	-	162	1.00	158	-	158
Vice President - Medicine	1.00	282	18	300	-	-	300	1.00	293	-	293
Executive Director - Communications & Public Relations	1.00	106	18	124	-	-	124	1.00	116	-	116
Director - Corporate & Legislative Affairs	1.00	106	18	124	-	-	124	1.00	113	-	113
Sub-total	8.00	1,403	143	1,546	-	-	1,546	8.00	1,484	-	1,484
Other management persons reporting to those above	35.09	3,984	661	4,645	1	10	4,655	30.58	3,800	-	3,800
Other management	235.34	19,412	3,535	22,947	2	152	23,099	236.69	21,765	77	21,842
Medical doctors not included above	2.84	754	53	807	-	-	807	4.22	1,280	-	1,280
Regulated nurses not included above											
- RNs, Reg. Psych. nurses, Grad nurses	1,416.38	106,713	19,615	126,328	-	-	126,328	1,374.66	116,628	-	116,628
- LPNs	418.53	17,582	3,189	20,771	1	9	20,780	404.97	20,446	-	20,446
Other health technical and professionals	929.27	56,668	13,901	70,569	-	-	70,569	871.44	61,156	-	61,156
Unregulated health service providers	758.94	26,249	4,730	30,979	-	-	30,979	744.77	30,483	9	30,492
Other staff	1,985.89	69,105	14,633	83,738	4	32	83,770	1,900.95	82,744	16	82,760
Supplemental Executive Retirement Plan [5]	0.00	-	213	213	-	-	213	-	213	-	213
Total Staff	5,782.28	300,467	60,530	360,997	8	203	361,200	5,568.28	338,515	102	338,617
Total honoraria and staff	5,790.28	$ 302,106	$ 60,685	$ 362,791	8	$ 203	$ 362,994	5,576.28	$ 340,270	$ 102	$ 340,372

Schedule 2 (continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2006

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 9,486 (2005 9,070)

'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings. (Submission of CCRA Form CPT-1 "Request for ruling on a worker's status under the Canada Pension Plan or Unemployment Insurance Act" may help health authorities determine whether a person on contract is an employee.)

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) Supplemental Executive Retirement Plan benefits were earned by the following employees:

	Current Year Service Cost	Prior Year Service Cost	Total Pension Expense
		(thousands of dollars)	
President & CEO	$ 33	$ 42	$ 75
Sr. Vice President & COO – Health Services	13	14	27
Vice President – Medicine	34	26	60
Vice President & COO – Corporate Services	7	8	15
Vice President – Capital Planning & Project Development	4	5	9
Vice President – Public Health	2	1	3
Vice President – Community & Continuing Care Services	5	8	13
Executive Director - Patient Care Services	4	2	6
Executive Director - Human Resources	3	1	4
Executive Director – Clinical Support Services	1	-	1
	$ 106	$ 107	$ 213

David Thompson Regional Health Authority
Schedule of Deferred Contributions
For the Year Ended March 31, 2006
(thousands of dollars)

Schedule 3

		Amounts received or receivable					Amounts recognized as revenue			Transfers				
	Opening Balance April 1, 2005	Alberta Health and Wellness (Note 13)	Other government contributions	Foundations	Donors	Investments & other	Alberta Health and Wellness (Note 13)	Other government contributions (Note 14)	Investments & other	Transferred to RSHIP	To UECC	To Deferred Capital Contributions	Returned Funds	Closing Balance March 31, 2006
Alberta Health and Wellness:														
Alzheimer - East Central Health	$ 27	$ 18	$ -	$ -	$ -	$ -	$ (21)	$ -	$ -	$ -	$ -	$ -	$ -	$ 24
Arthoplasty Pilot Project	3,592	-	-	-	-	-	(2,868)	-	-	-	-	-	-	724
Big Horn First Nations	-	44	-	-	-	-	(4)	-	-	-	-	-	-	40
CCIA Initiative	28	-	-	-	-	-	-	-	-	-	-	-	-	28
Children's Health Initiative	-	182	-	-	-	-	(182)	-	-	-	-	-	-	-
Community Exposure and Health Effects Assessments Pgms	-	300	-	-	-	-	-	-	-	-	-	-	-	300
Development of Student Placement Framework	171	-	-	-	-	-	(57)	-	-	-	-	-	-	114
Diagnostic and Medical Equipment	-	4,330	-	-	-	-	-	-	-	-	-	(4,330)	-	-
Diagnostic Imaging Respository	-	17,000	-	-	-	-	-	-	-	(81)	-	-	-	16,919
Electronic Health Records	-	13,400	-	-	-	-	-	-	-	-	-	-	-	13,400
Enhanced Surveillance of Immunization Coverage	-	250	-	-	-	-	(66)	-	-	-	-	-	-	184
Evaluation of Access Improvement	90	-	-	-	-	-	(6)	-	-	-	-	-	-	84
Ground Ambulance Transfer of Service	132	-	-	-	-	-	(132)	-	-	-	-	-	-	-
Immunization Administration	164	577	-	-	-	-	(741)	-	-	-	-	-	-	-
Implementation of a list of Error Prone, Prohibited Medical Abbreviations	-	80	-	-	-	-	-	-	-	-	-	-	-	80
Implementation of Continuing Care Health Services	-	3,750	-	-	-	-	-	-	-	-	-	-	-	3,750
Standards for Health Care Aid Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Implementation of InterRAI Tools for Resident Assessment	-	299	-	-	-	-	-	-	-	-	-	-	-	299
Long Term Care HR Initiative	235	-	-	-	-	-	(7)	-	-	-	-	-	-	228
Mental Health Innovation Funds	-	2,121	-	-	-	-	-	-	-	-	-	-	-	2,121
Nutrition and Infant Growth	20	-	-	-	-	-	(19)	-	-	-	-	-	(1)	-
O'Chiese First Nations	30	44	-	-	-	-	(34)	-	-	-	-	-	-	40
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physician on Call	563	6,717	-	-	-	-	(5,900)	-	-	-	-	-	-	1,380
Primary Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional Shared Health Information Program (RSHIP)	-	1,973	-	-	-	-	-	-	-	(1,973)	-	-	-	-
Review and Upgrade Medication Management in LTC Facilities	-	600	-	-	-	-	-	-	-	-	-	-	-	600
Safe Lifting Devices for Residence in LTC Facilities	-	747	-	-	-	-	-	-	-	-	-	-	-	747
Security of Systems	465	402	-	-	-	-	-	-	-	-	-	-	-	867
Senior Resource Project - Nurse Practitioner (HIF)	49	-	-	-	-	-	(21)	-	-	-	-	-	-	28
Shared Data Centre - H/W Support	462	-	-	-	-	-	-	-	-	(462)	-	-	-	-
Smallpox Planning & Preparedness	-	11	-	-	-	-	(11)	-	-	-	-	-	-	-
Standford Chronic Disease Management Self Training Program	63	163	-	-	-	-	(76)	-	-	-	-	-	-	150
Sunchild First Nations	24	44	-	-	-	-	(33)	-	-	-	-	-	-	35
Telehealth	170	784	-	-	-	-	(179)	-	-	-	-	-	-	775
Wait times Hip and Knee Joint Replacement	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Young Family Wellness	421	744	-	-	-	-	(1,144)	-	-	-	-	-	-	21
Sub-total	$ 6,706	$ 56,580	$ -	$ -	$ -	$ -	$ (11,501)	$ -	$ -	$ (2,516)	$ -	$ (4,330)	$ (1)	$ 44,938

David Thompson Regional Health Authority
Schedule of Deferred Contributions
For the Year Ended March 31, 2006
(thousands of dollars)

Schedule 3 (Continued)

		Amounts received or receivable					Amounts recognized as revenue			Transfers				
	Opening Balance April 1, 2005	Alberta Health and Wellness (Note 13)	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 13)	Other government contributions (Note 14)	Investments and other	Transferred to RSHIP	To UECC	To Deferred Capital Contributions	Returned Funds	Closing Balance March 31, 2006
Other Government Contributors:														
Alberta Infrastructure	$ 6,655	$ -	$ 3,265	$ -	$ -	$ -	$ -	$ (6,095)	$ -	$ -	$ -	$ 422	$ -	$ 4,247
Canadian Cancer Society	49	-	-	-	-	136	-	-	(121)	-	-	-	(13)	51
Case Costing	38	-	-	-	-	-	-	-	-	-	-	-	-	38
Central Alberta Tobacco Reduction Action Coalition	-	-	-	-	-	10	-	-	(3)	-	-	-	-	7
Enhancement to Electronic	98	-	-	-	-	-	-	-	-	-	-	-	-	98
Golf proceeds - Land Sales	294	-	-	-	-	-	-	-	-	-	-	-	-	294
Heart and Stroke Fund Grant	-	-	-	-	-	700	-	-	-	-	-	-	-	700
Keystone Family Services	-	-	98	-	-	-	-	(98)	-	-	-	-	-	-
Persons with Developmental Disabilities	42	-	373	-	-	-	-	(391)	-	-	-	-	-	24
Respiratory Health Initiative	51	-	-	-	-	9	-	-	(18)	-	-	-	-	42
START Program	136	-	337	-	-	-	-	(355)	-	-	-	-	-	118
Student Health Initiative Program (SHIP)	-	-	1,622	-	-	-	-	(1,622)	-	-	-	-	-	-
Student Health Outreach Services (SHOS)	4	-	731	-	-	-	-	(735)	-	-	-	-	-	-
Other	36	-	-	-	-	-	-	-	(5)	-	-	-	-	31
Sub-total	7,403	-	6,426	-	-	855	-	(9,296)	(147)	-	-	422	(13)	5,650
Foundations	-	-	-	1,153	-	-	-	-	-	-	(1,153)	-	-	-
External Donations														
Special Purpose Funds - Donations	5,341	-	-	-	742	1,236	-	-	(927)	-	(508)	-	-	5,884
Grand Total 2005/2006	$ 19,450	$ 56,580	$ 6,426	$ 1,153	$ 742	$ 2,091	$ (11,501)	$ (9,296)	$ (1,074)	$ (2,516)	$ (1,661)	$ (3,908)	$ (14)	$ 56,472

Notes:

1) All grants where the opening balance and the amount received in the current year is greater then ten thousand dollars is listed above.

2) All of the above grants are considered current in nature.

Schedule 4

David Thompson Regional Health Authority
Schedule of Voluntary and Private Health Service Providers
For the Year Ended March 31, 2006
(thousands of dollars)

Facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based continuing care services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion prevention and protection services	Administration	Support services	Total Expenditures
A. Voluntary														
Castor Our Lady of the Rosary Hospital and Care Centre	$ 2,915	$ -	$ 351	$ -	$ 3,266	$ 741	$ 933	$ -	$ -	$ 434	$ -	422	$ 736	$ 3,266
Trochu St. Mary's Health Care Centre	1,593	-	428	-	2,021	-	1,204	-	-	161	-	130	526	2,021
Bethany Care Society - Sylvan Lake	2,378	-	701	-	3,079	-	2,045	-	-	157	-	367	510	3,079
Bethany Care Society - Collegeside	6,560	-	1,845	-	8,405	-	5,165	-	-	383	-	1,344	1,513	8,405
The Good Samaritan Society	2,240	-	675		2,915	-	1,948	-	-	129	-	259	579	2,915
B. Private														
Ponoka Northcott Care Centre	2,863	187	1,125	-	4,175	-	2,451	-	-	265	-	338	1,121	4,175
Linden Nursing Home	1,309	-	595	-	1,904	-	1,083	-	-	94	-	111	616	1,904
Private Laboratory	5,997	-	-	-	5,997	-	-	-	-	5,997	-	-	-	5,997
Mental Health	1,076	-	-	-	1,076	-	-	1,076	-	-	-	-	-	1,076
Physiotherapy Providers	527	-	-	-	527	-	-	-	-	527	-	-	-	527
Early Intervention Program	151	-	-	-	151	-	-	-	151	-	-	-	-	151
Young Family Wellness	63	-	-	-	63	-	-	-	-	-	63	-	-	63
Other	85				85		34	17		-	34	-	-	85
Total 2005/06	$ 27,757	$ 187	$ 5,720	$ -	$ 33,664	$ 741	$ 14,863	$ 1,093	$ 151	$ 8,147	$ 97	$ 2,971	$ 5,601	$ 33,664
Total 2004/05	$ 23,762	$ 187	$ 5,239	$ 191	$ 29,379	$ 903	$ 11,106	$ 946	$ 167	$ 8,073	$ -	$ 2,519	$ 5,665	$ 29,379

East Central
#5

East Central Health

Financial Statements

March 31, 2006

EAST CENTRAL HEALTH

FINANCIAL STATEMENTS

MARCH 31, 2006

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EAST CENTRAL HEALTH

STATEMENT OF MANAGEMENT RESPONSIBILITY

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Auditor General of Alberta, to review financial matters, and recommends the financial statements to the East Central Health Board for approval. The external auditor has free access to the Committee of the Whole.

The external auditor provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of East Central Health
and the Minister of Health and Wellness

I have audited the statement of financial position of East Central Health (the Authority) as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 18, 2006

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2006
(in thousands)

	2006 Actual	2005 Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 15,436	$ 18,334
Accounts receivable	2,146	1,994
Contributions receivable from Alberta Health and Wellness	6,088	1,678
Inventories	637	576
	24,307	22,582
Non-current cash and investments (Note 3)	19,392	19,663
Capital assets (Note 4)	100,163	91,858
TOTAL ASSETS	$ 143,862	$ 134,103
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 17,177	$ 11,892
Accrued vacation pay	5,838	5,281
Deferred contributions (Schedule 3)	7,053	5,237
	30,068	22,410
Deferred contributions (Schedule 3)	503	488
Deferred capital contributions (Note 5)	18,888	19,175
Unamortized external capital contributions (Note 6)	88,837	85,771
	138,296	127,844
Net assets:		
Accumulated surplus/(deficit)	(5,760)	172
Investment in capital assets from internally funded sources	11,326	6,087
Operating net assets	5,566	6,259
TOTAL LIABILITIES AND NET ASSETS	$ 143,862	$ 134,103

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
MARCH 31, 2006
(in thousands)

	2006		2005
	Budget (Note 8)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 9)	$ 182,620	$ 184,839	$ 180,576
Other government contributions (Note 10)	4,469	6,679	3,927
Fees and charges (Note 11)	18,693	19,586	19,530
Ancillary operations, net (Note 12)	49	50	38
Donations	-	178	220
Investment and other income (Note 13)	1,828	2,964	3,378
Amortized external capital contributions (Note 6)	4,885	4,927	4,884
TOTAL REVENUE	212,544	219,223	212,553
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	37,669	37,998	33,792
Facility-based emergency and outpatient services	8,789	8,966	9,017
Facility-based continuing care services	38,125	39,440	37,154
Ambulance services	2,787	3,095	2,789
Community-based care	9,740	8,309	8,792
Home care	19,734	20,160	17,917
Diagnostic and therapeutic services	30,879	33,147	28,700
Promotion, prevention and protection services	6,932	6,044	5,751
Research and education	72	20	33
Administration (Note 14)	13,553	13,721	12,602
Information technology	2,843	2,642	2,803
Support services (Note 15)	43,337	43,228	41,434
Amortization of facilities and improvements	3,832	3,593	3,602
TOTAL EXPENSES	218,292	220,363	204,386
Excess (deficiency) of revenue over expenses	$ (5,748)	$ (1,140)	$ 8,167

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2006
(in thousands)

	2006			2005
	Accumulated surplus/(deficit)	Investment in capital assets from internally funded sources	Total	Total
Balance at beginning of year	$ 172	$ 6,087	$ 6,259	$ (1,769)
Excess (deficiency) of revenue over expenses	(1,140)	-	(1,140)	8,167
Capital assets purchased with internal funds	(5,572)	5,572	-	-
Land purchased		447	447	50
Amortization of internally funded capital assets	780	(780)	-	-
Refund of capital contributions from proceeds on sale of land	-	-	-	(189)
Balance at end of year	$ (5,760)	$ 11,326	$ 5,566	$ 6,259

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
MARCH 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (5,748)	$ (1,140)	$ 8,167
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	700	744	539
externally funded	1,209	1,329	1,318
Amortization of facilities and improvements	3,265	3,593	3,602
Amortized external capital contributions (Note 6)	(4,472)	(4,886)	(4,885)
Disposals - externally funded	-	(44)	-
Gain on disposal of land	-	-	(112)
Loss (Gain) on disposal of capital equipment	-	27	(2)
Changes in non-cash working capital accounts	(336)	3,035	(1,858)
Cash generated from (used by) operations	(5,382)	2,658	6,769
Investing activities:			
Purchase of capital assets:			
internally funded	(661)	(5,572)	(1,460)
externally funded - land	-	(447)	(50)
externally funded (Note 6):			
equipment	(2,778)	(2,358)	(1,973)
facilities and improvements	(8,000)	(138)	(3,532)
work in progress	-	(5,500)	(7,421)
Proceeds on disposal of capital assets	-	17	199
Allocations to non-current cash	10,051	271	(7,606)
Cash used by investing activities	(1,388)	(13,727)	(21,843)
Financing activities:			
Increase (decrease) in non-current deferred contributions (Schedule 3)	(872)	15	(384)
Capital contributions received (Note 5)	1,599	8,156	20,966
Refund of capital contributions from proceeds on sale of land	-	-	(189)
Cash generated from financing activities	727	8,171	20,393
Increase (decrease) in cash and temporary investments	(6,043)	(2,898)	5,319
Cash and temporary investments, beginning of year	13,015	18,334	13,015
Cash and temporary investments, end of year	$ 6,972	$ 15,436	$ 18,334

EAST CENTRAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2006
(in thousands)

Note 1 Authority, Purpose and Operations

East Central Health (the Authority) was established on June 24, 1994 under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 16 and Schedule 4

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of Presentation

(1) The financial statements do not include the assets, liabilities or operations of the foundations described in Note 16(c), which are controlled by the Authority.

The Authority participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Authority accounts for its 11.8% interest in RSHIP on a proportionate consolidation basis.

(2) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, or externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority records the fair value of costs of services for which it is responsible. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) Fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) Fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority has a supplementary defined benefit plan for certain management staff. The Authority's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are recognized as expense in the year incurred.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-then-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by unamortized external capital contributions.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the financial statements but disclosed in Note 17.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from estimates.

Note 3 Cash and Investments

	2006	2005
Cash	$ 23,915	$ 19,803
Fixed income investments	7,080	13,401
Equities	3,833	4,793
Total current and non-current cash and investments	$ 34,828	$ 37,997
Fair value of cash and investments:		
Cash	$ 23,915	$ 19,803
Fixed income investments	7,132	13,499
Equities	4,305	4,940
	$ 35,352	$ 38,242
Classified as:		
Current	$ 15,436	$ 18,334
Non-current	19,392	19,663
Total cash and investments	$ 34,828	$ 37,997

(a) To optimize returns at an acceptable risk level, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments, 10% to 20% for Canadian equities and 5% to 15% for foreign equities. Risk is reduced through diversification.

Note 3 Cash and Investments (continued)

(b) Fixed-income securities, such as bonds, have an average effective yield of 4.5% per annum for securities maturing between 1 and 37 years. As at March 31, 2006, the securities have the following maturity structure:

1 to 5 years	53%
6 to 10 years	16%
Over 10 years	31%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

(d) Non-current cash and investments represent the following:

	2006	2005
Externally restricted for capital acquistions:		
Federal equipment grants	$ 779	$ 1,295
Externally restricted for major capital projects	18,110	17,880
Externally restricted for other purposes:		
Healthy Aging Partnership Initiatives (Schedule 3)	503	488
	$ 19,392	$ 19,663

Note 4 Capital Assets

	Cost				
	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
Land	$ 1,087	$ 95	$ 352	$ -	$ 1,534
Land improvements	2,999	-	43	9	3,033
Buildings and improvements	125,611	8,592	137	16	134,324
Leasehold improvements	95	-	-	-	95
Furniture and equipment	33,064	811	3,033	8,225	28,683
Contruction and technology projects in progress (Note 7)	11,417	(9,498)	10,450	-	12,369
	$ 174,273	$ -	$ 14,015	$ 8,250	$ 180,038

	Accumulated Amortization					
	Opening Balance April 1, 2005	Current year amortization	Amortization on disposals	Closing Balance March 31, 2006	Net Book Value 2006	Net Book Value 2005
Land	$ -	$ -	$ -	$ -	$ 1,534	$ 1,087
Land improvements	2,008	103	7	2,104	929	991
Buildings and improvements	56,062	3,487	19	59,530	74,794	69,549
Leasehold improvements	44	3	-	47	48	51
Furniture and equipment	24,301	2,073	8,180	18,194	10,489	8,763
Contruction and technology projects in progress (Note 7)	-	-	-	-	12,369	11,417
	$ 82,415	$ 5,666	$ 8,206	$ 79,875	$ 100,163	$ 91,858

Leased Capital Assets

Land improvements, buildings and improvements and equipment with a cost of $14,459 (2005 - $14,543) and accumulated amortization of $2,547 (2005 - $1,671) were acquired through capital leases.

Capital assets were funded from the following sources:

	2006	2005
Externally funded (unamortized external capital contributions)	$ 88,837	$ 85,771
Investment in capital assets from internally funded sources	11,326	6,087
	$ 100,163	$ 91,858

Note 5 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 5,642	$ 2,755
Restricted other government contributions	2,073	17,918
Donations restricted for capital purposes	995	423
	8,710	21,096
Amounts transferred to operations - Alberta Health and Wellness contributions (Note 9)	(554)	(130)
	8,156	20,966
Transferred to:		
Unrestricted net assets	(447)	(50)
Unamortized external capital contributions (Note 6)	(7,996)	(12,926)
Change during the year	(287)	7,990
Balance, beginning of year	19,175	11,185
Balance, end of year	$ 18,888	$ 19,175
Balance at end of the year is restricted for the following purposes:		
Equipment replacement	$ 1,371	$ 1,567
New construction	17,517	17,608
	$ 18,888	$ 19,175

Note 6 Unamortized External Capital Contributions

The balance of unamortized external capital contributions at the end of year represents the external capital contributions to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	$ 85,771	$ 77,730
Transfers from deferred capital contributions (Note 5)	7,996	12,926
Disposal of externally funded equipment	(44)	-
Less amounts recognized as revenue:		
Amortized external capital contributions:		
Equipment	(1,329)	(1,317)
Facilities and improvements	(3,554)	(3,567)
Ancillary operations (Note 12)	(3)	(1)
Balance, end of year	$ 88,837	$ 85,771

Note 7 Commitments and Contingencies

(a) Commitments

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Schedule 4). The Authority has contracted for services in the year ending March 31, 2007 similar to those provided by these operators in 2006.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract, expiring March 31, 2010, to purchase electrical energy at a fixed price of $54.40 per MWh. Based on 2006 consumption, the annual costs for the year ending March 31, 2007 are expected to be $926.

The Authority is committed to the following construction and technology projects currently in progress and which will be satisfied from externally funded grants:

Louise Jensen Long Term Care Project	$ 400
Vegreville Long Term Care Project	10,820
Vermilion Long Term Care Project	8,593
CT Scanner Project – Camrose	1,009
Medical Information Technology Inc.	2,185
	$ 23,007

(b) Contingencies

The Authority has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Local Authorities Pension Plan (LAPP). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1.25 billion. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Authority has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

Note 8 Budget

	2006 Approved Budget (1)	Adjustments (2)	2006 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 182,620	$	$ 182,620
Other government contributions	4,469	-	4,469
Fees and charges	18,693	-	18,693
Ancillary operations, net	49	-	49
Donations	-	-	-
Investment and other income	1,828	-	1,828
Amortized external capital contributions	4,885	-	4,885
TOTAL REVENUE	212,544	-	212,544
Expenses			
Facility-based inpatient acute nursing services	37,669	-	37,669
Facility-based emergency and outpatient services	8,789	-	8,789
Facility-based continuing care services	38,125		38,125
Ambulance services	1,777	1,010	2,787
Community based care	9,740		9,740
Home care	19,734	-	19,734
Diagnostic and therapeutic services	30,879	-	30,879
Promotion, prevention and protection services	6,932	-	6,932
Research and education	72	-	72
Administration	13,553	-	13,553
Information technology	2,843	-	2,843
Support services	44,347	(1,010)	43,337
Amortization of facilities and improvements	3,832	-	3,832
TOTAL EXPENSES	218,292	-	218,292
Deficiency of revenue over expenses	$ (5,748)	$ -	$ (5,748)

(1) The budget was approved by the Authority on May 19, 2005, and submitted to the Minister of Health and Wellness for approval.

(2) Initial allocation of payments to our associate partners were adjusted to correct errors in allocation of ambulance costs which are to be disclosed separately. These adjustments did not change the approved budgeted deficit.

Note 9 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions:		
Operating grants	$ 179,602	$ 169,549
Accumulated deficit funding	-	7,005
	179,602	176,554
Transfers from deferred contributions (Schedule 3)	4,528	3,733
Transfers from deferred capital contributions (Note 5)	554	130
AH&W payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	155	159
	$ 184,839	$ 180,576

Note 10 Other Government Contributions

	2006	2005
Alberta Government:		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 623	$ 713
Transfers from deferred contributions (Schedule 3)	5,228	2,340
Fair value to use non-owned acute care facilities (Schedule 4)	828	874
	$ 6,679	$ 3,927

Note 11 Fees and Charges

	Inpatient/Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care						
Out-of-province	$ 939	$ 802	$ 1,094	$ 954	$ 2,033	$ 1,756
Out-of-country base amount	(2)	27	14	16	12	43
Out-of-country surcharge	(3)	34	18	20	15	54
WCB standard charges	377	310	611	558	988	868
Federal	34	70	254	188	288	258
Uninsured medical services	(3)	7	22	41	19	48
Uninsured supplies	-	-	15	13	15	13
Preferred accommodation	32	27	-	-	32	27
Continuing care standard ward	-	20	-	-	-	20
Continuing care semi-private	216	205	-	-	216	205
Continuing care private	105	76	-	-	105	76
	1,695	1,578	2,028	1,790	3,723	3,368
Continuing Care						
Continuing care standard ward	17	65	-	-	17	65
Continuing care semi-private	6,365	7,211	-	-	6,365	7,211
Continuing care private	9,294	8,794	-	-	9,294	8,794
Out-of-province	-	7	-	-	-	7
	15,676	16,077	-	-	15,676	16,077
Public Health	-	-	187	85	187	85
Total	$ 17,371	$ 17,655	$ 2,215	$ 1,875	$ 19,586	$ 19,530

Note 12 Ancillary Operations

	2006				2005
	Non-Patient Food Services	Rental Operations	Other	Total	Total
Revenue					
Revenue	$ 602	$ 45	$ 40	$ 687	$ 713
Amortized deferred capital contributions (Note 6)	3	-	-	3	1
	605	45	40	690	714
Expenses					
Other expenses	598	2	33	633	671
Amortization	7	-	-	7	5
	605	2	33	640	676
Excess (deficiency) of revenue over expenses	$ -	$ 43	$ 7	$ 50	$ 38

Note 13 Investment and Other Income

	2006	2005
Investment revenue	$ 1,067	$ 1,362
Other revenue	1,897	2,016
	$ 2,964	$ 3,378

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 14 Administration

	2006	2005
General administration	$ 5,477	$ 4,407
Finance	1,216	1,184
Human Resources	1,673	1,362
Administration - contract operators (Schedule 4)	5,355	5,649
	$ 13,721	$ 12,602

Note 15 Support Services

	2006	2005
Building maintenance, operations and security	$ 9,389	$ 8,651
Education	426	358
Housekeeping	2,613	2,598
Laundry and linen	1,121	1,143
Materiels management	1,178	1,115
Patient food services	5,053	5,057
Patient health records	1,467	1,408
Patient registration	778	744
Support services - contract operators (Schedule 4)	21,203	20,360
	$ 43,228	$ 41,434

Note 16 Related Parties

(a) Province of Alberta

Entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements are related parties. The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and its related parties are disclosed in the Statement of Operations and in the notes and schedules to the financial statements.

Note 16 Related Parties (continued)

(a) Province of Alberta (continued)

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations and are summarized as follows:

Balances

	Receivable from:		Payable to:	
	2006	2005	2006	2005
School Boards	$ -	$ -	$ -	$ 5
Other health authorities	100	104	28	354
	$ 100	$ 104	$ 28	$ 359

Revenue and Expenses

	Revenue		Expenses	
	2006	2005	2006	2005
Post-secondary institutions	$ -	$ 10	$ 48	$ 2
School Boards	-	16	81	47
Other health authorities	413	504	1,489	2,203
	$ 413	$ 530	$ 1,618	$ 2,252

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

Note 16 Related Parties (continued)

(b) Foundations (continued)

(i) Viking Health Foundation (continued)

	2005	2004
Total assets	$ 1,684	$ 1,818
Total liabilities	(16)	(129)
Net assets	$ 1,668	$ 1,689
Revenue	$ 178	$ 181
Expenses	(199)	(248)
Deficiency of revenue over expenses	$ (21)	$ (67)

The resources of the foundation amounting to $1,668 (2004 - $1,689) have been restricted by donors for the exclusive use of the Viking community.

(ii) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2004
Total assets	$ 32
Total liabilities	-
Net assets	$ 32
Revenue	$ 16
Expenses	-
Excess of revenue over expenses	$ 16

The resources of the foundation amounting to $32 have been restricted by donors for the exclusive use of the Tofield community.

Note 16 Related Parties (continued)

(b) Foundations (continued)

	Contributions received by the Authority		Resources held by the Foundation	
	Year ended March 31,		at March 31, 2005	
	2006	2005	Externally Restricted	Unrestricted
Viking Health Foundation	$ 4	$ 7	$ -	$ 1,668
Tofield and Area Health Services Foundation	-	-	-	32
	$ 4	$ 7	$ -	$ 1,700

(c) Other Foundations

The Authority has economic interest in the Daysland General Hospital Foundation and the Wainwright & District Community Health Foundation.

The Authority is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

(d) Voluntary and Private Health Service Operators

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Details are presented in Schedule 4.

Note 17 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Building Health System Leadership Capacity project, the Alzheimer's Dementia project and the Primary Care Network - Camrose. These amounts are not included in the statements.

Note 18 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable. At December 31, 2005, the Local Authorities Pension Plan reported a deficiency of $863,558 (2004 - deficiency of $1,288,924).

Note 18 Pension Costs (continued)

During the current year the Authority introduced a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan will be fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation. The actuarial valuation assumed a discount rate of 5.4% per annum. Accrued benefit liability of $26 on the supplementary defined benefit plan is equal to the accrued benefit obligation and included in benefits payable under current liabilities. The unrecognized initial obligation of $835 is being amortized over six years.

	2006	2005
Pension plan expense comprises the following:		
Local Authorities Pension Plan	$ 4,124	$ 3,557
Supplementary defined benefit plan	26	-
	$ 4,150	$ 3,557

Note 19 Subsequent Event

Alberta Infrastructure and Transportation is in the process of transferring at nominal cost to the Authority the Corporate Office, St Mary's Hospital, Rosehaven Care Centre, Killam General Hospital, Mary Immaculate Hospital and St Joseph's General Hospital. The impact to the Authority is to increase capital assets by $434 and to increase unamortized external capital contributions by $434.

Note 20 Province Wide Services

Alberta Health and Wellness contributions include funding for Province-wide services, which are a range of complex and high cost medical services available to Albertans. Funding and cost information included in revenue and expenses are as follows:

	2006			
			Variance	
	Funding	Costs	$	%
Inpatient and outreach services	$ 10,381	$ 10,382	$ (1)	(0.0)
Unallocated funding	150	-	150	100.0
	10,531	10,382	149	1.4
Amortized external capital contributions	2	-	2	100.0
Total	$ 10,533	$ 10,382	$ 151	1.4

	2005			
			Variance	
	Funding	Costs	$	%
Inpatient and outreach services	$ 9,763	$ 9,793	$ (30)	(0.3)
Unallocated funding	60	-	60	100.0
	9,823	9,793	30	0.3
Amortized external capital contributions	28	-	28	100.0
Total	$ 9,851	$ 9,793	$ 58	0.6

(a) Total funding includes amortization of related external capital contributions. Amortized external capital contributions represent the revenue associated with the amortization expense of externally funded capital assets.

(b) Inpatient and outreach services include direct costs, allocation of overhead and internally funded and externally funded amortization of equipment.

(c) Inpatient and outreach services consist of specialized nursing, therapeutic and psychiatric services for geriatric patients.

Note 21 Accumulated Deficit

Current year operations resulted in an accumulated deficit of $5,760 at March 31, 2006. Per Alberta Regulation 15/95 of the Regional Health Authorities Act, the Authority will provide the Minister with a plan, in writing, that is satisfactory to the minister, to eliminate the accumulated deficit within 3 years of it being incurred.

Note 22 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
MARCH 31, 2006
(in thousands)

	Budget	2006	2005
Salaries and benefits (Schedule 2)	$ 84,636	$ 80,810	$ 78,638
Contracts with health service providers (Schedule 4)	101,430	102,298	91,904
Drugs and gases	1,472	1,591	1,641
Medical and surgical supplies	1,198	1,393	1,299
Other contracted services	6,468	5,835	4,845
Other [1]	18,067	23,410	21,281
Amortization:			
Capital equipment - internally funded	535	744	537
Capital equipment - externally funded	1,319	1,329	1,315
Facilities and improvements	3,832	3,593	3,602
	218,957	221,003	205,062
Less amounts reported in ancillary operations (Note 12)	(665)	(640)	(676)
	$ 218,292	$ 220,363	$ 204,386

[1] Other:

	Budget	2006	2005
Utilities	$ 2,961	$ 2,805	$ 3,044
Buildings and ground maintenance	3,030	3,458	2,675
Staff travel costs	1,585	2,038	1,714
Food supplies	1,663	1,712	1,712
Patient transportation	1,854	1,712	1,546
Minor equipment	1,121	1,121	939
Insurance	505	505	512
Other	5,348	10,059	9,139
Total	$ 18,067	$ 23,410	$ 21,281

Schedule 2

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES AND BENEFITS

MARCH 31, 2006

(in thousands)

	2006							2005			
					Severance [4]						
	Number of Individulas [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individulas [1]	Salaries, Honoraria, Benefits [2,3]	Severance [4]	Total
Board Compensation											
Chair - E. Andersen	1	$ 30	$ -	$ 30	-	$ -	$ 30	1	$ 29	$ -	$ 29
M. Arnold	1	12	-	12	-	-	12	1	9	-	9
R. Crooker	1	14	-	14	-	-	14	1	9	-	9
P. Gulak	1	8	-	8	-	-	8	1	8	-	8
L. Heinemann	1	1	-	1	-	-	1	-	-	-	-
J. Hunter	1	10	-	10	-	-	10	1	7	-	7
R. Israelson	1	13	-	13	-	-	13	1	8	-	8
L. Johnson	1	10	-	10	-	-	10	1	6	-	6
C. Mastel	1	5	-	5	-	-	5	1	6	-	6
O. Olineck	1	14	-	14	-	-	14	1	8	-	8
J. Rudkowsky	1	2	-	2	-	-	2	1	-	-	-
M. Schreiber	1	11	-	11	-	-	11	1	8	-	8
M. Zeniuk	1	3	-	3	-	-	3	1	4	-	4
Total Honoraria	13	133	-	133	-	-	133	12	102	-	102

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
MARCH 31, 2006
(thousands of dollars)

	2006							2005			
					Severance (4)						
	Number of FTE's (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of FTE's (1)	Salaries, Honoraria, Benefits (2,3)	Severance (4)	Total
Staff											
Chief Executive Officer (5)	1.0	275	42	317	-	-	317	1.0	259	-	259
Management persons reporting to the CEO:		-	-			-					
Vice President - Medical Services	1.0	217	30	247	-	-	247	1.0	230	-	230
Vice President - Operations	1.0	154	23	177	-	-	177	1.0	156	-	156
Chief Financial Officer	0.9	132	22	154	-	-	154	1.0	154	-	154
Vice President - Development	-	-	-	-	-	-	-	0.3	37	40	77
Chief Corporate Services Officer	1.0	136	22	158	-	-	158	1.0	149	-	149
Director - Communications	1.0	93	17	110	-	-	110	1.0	99	-	99
Other management persons reporting directly to those above	10.6	1,108	190	1,298	-	-	1,298	8.9	1,042	-	1,042
Other management	67.6	5,301	1,013	6,314	2	53	6,367	66.3	6,028	-	6,028
Regulated nurses not included above											
RN's, Reg. Psych. Nurses, Grad nurses	271.6	20,237	3,995	24,232	1	30	24,262	289.8	23,817	-	23,817
LPN's	118.9	4,893	1,001	5,894	-	-	5,894	118.1	5,814	-	5,814
Other health technical and professionals	176.2	10,764	2,102	12,866	1	22	12,888	170.8	11,853	7	11,860
Unregulated health service providers	344.7	9,172	1,786	10,958	1	5	10,963	377.6	11,104	2	11,106
Other staff	427.9	14,564	3,276	17,840	1	2	17,842	436.6	17,721	24	17,745
Subtotal - Staff	1,423.6	67,046	13,519	80,565	6	112	80,677	1,474.4	78,463	73	78,536
Grand Total		$ 67,179	$ 13,519	$ 80,698		$ 112	$ 80,810		$ 78,565	$ 73	$ 78,638

Schedule 2 (continued)

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED MARCH 31, 2006

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. The actual discrete number of individuals employed: 2,067 (2005 - 2,105).

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, registered retirement savings plan, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance and workers compensation.

Included in benefits and allowances are increases in pension accruals. No cash payment has been made to any named staff during the year. These adjustments relate to accrued supplementary pension benefit obligation and consists of the following:

	2006			
	Current Service Costs	Prior Service Costs	Interest Costs	Total
Chief Executive Officer	$ 4	$ 5	$ 3	$ 12
Vice President - Medical Services	3	4	2	9
Vice President - Operations	1	1	-	2
Chief Financial Officer	1	1	-	2
Chief Corporate Services Officer	-	1	-	1
	$ 9	$ 12	$ 5	$ 26

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

EAST CENTRAL HEALTH
SCHEDULE OF DEFERRED CONTRIBUTIONS
MARCH 31, 2006
(in thousands)

	Opening Balance April 1, 2005	Amounts received and receivable			Amounts recognized as revenue		Closing Balance March 31, 2006
		Alberta Health and Wellness	Other government contributions	Investments and other	Alberta Health and Wellness	Other government contributions	
Alberta Health and Wellness							
Rural on call program	$ 254	$ 1,518	$ -	$ -	$ 1,511	$ -	$ 261
Specialists on call program	763	1,733	-	-	2,092	-	404
Primary Care Initiatives	183	50	-	-	187	-	46
Ambulance Transition	40	-	-	-	-	-	40
Telehealth operating grant	-	180	-	-	80	-	100
Alzheimer & dementia front-line training	-	11	-	-	11	-	-
Vacine administrative costs	200	26	-	-	171	-	55
Surveillance of Immunization Coverage	-	250	-	-	-	-	250
Children's health initiative	215	67	-	-	53	-	229
Safe Lift Grant	-	533	-	-	-	-	533
Stroke Strategy	-	612	-	-	-	-	612
Mental Health Grants	-	1,053	-	-	-	-	1,053
Early childhood development	248	223	-	-	357	-	114
Privacy and security	146	264	-	-	66	-	344
Various projects <$10,000 each	-	8	-	-	-	-	8
Sub-total	2,049	6,528	-	-	4,528	-	4,049
Other Government contributors							-
Alberta Ministry of Infrastructure and Transportation:							
Infrastructure Improvement	1,862	-	1,719	-	-	2,003	1,578
Health Sustainability	1,308	-	898	-	-	820	1,386
CT Scan Project	-	-	1,500	-	-	1,500	-
Alberta Department of Seniors and Community Supports:							
Healthy aging partnership initiatives (HAPI) (1)	488	532	-	15	-	532	503
East Central Alberta Child and Family Services Authority:							
Fetal Alcohol Syndrome Drug Program	-	-	44	-	-	30	14
Alberta Cancer Board:							
Cervical cancer screening program	4	-	53	-	-	45	12
Community cancer clinic - Lloydminster	-	-	142	-	-	142	-
Government of Canada - Quality of Worklife	-	-	142	-	-	142	-
Various projects <$10,000 each	14	-	14	-	-	14	14
Sub-total	3,676	532	4,512	15	-	5,228	3,507
Grand Total	$ 5,725	$ 7,060	$ 4,512	$ 15	$ 4,528	$ 5,228	$ 7,556
Classified as follows:							
Current	$ 5,237						$ 7,053
Non-current - see (1) above	488						503
Total	$ 5,725						$ 7,556

Schedule 4

EAST CENTRAL HEALTH
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
MARCH 31, 2006
(in thousands)

	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Administration	Information technology	Support services	Total Expenditures
Voluntary																	
St Mary's Hospital, Camrose	$ 20,771	$ -	$ 629	$ -	$ 21,400	$ 9,577	$ 2,313	$ -	$ 376	$ -	$ -	$ 3,626	$ -	$ 900	$ 106	$ 4,502	$ 21,400
The Bethany Group, Camrose	17,696	-	3,490	-	21,186	-	-	11,962	49	-	2,047	1,553	-	1,287	31	4,257	21,186
Prairie North Health Region (Lloydminster)	18,514	-	1,790	310	20,614	4,325	1,382	3,385	-	1,040	370	3,995	312	1,268	90	4,447	20,614
Killam General Hospital Corporation	4,198	-	797	-	4,995	1,038	164	1,444	108	20	29	671	-	380	22	1,119	4,995
Lamont Health Centre	8,910	-	1,713	518	11,141	1,669	1,388	3,319	170	-	-	1,374	-	522	-	2,699	11,141
Mary Immaculate Health Centre - Mundare	1,726	-	446	-	2,172	-	1	1,126	10	-	-	232	-	166	-	637	2,172
St Joseph's Hospital - Vegreville	8,830	-	161	-	8,991	2,493	1,073	-	578	-	-	2,338	-	383	24	2,102	8,991
Private																	
Laboratory Contracts	2,684	-	-	-	2,684	-	-	-	-	-	-	2,684	-	-	-	-	2,684
Extendicare (Canada) Inc.	2,715	155	950	-	3,820	-	-	1,681	7	-	-	243	-	449	-	1,440	3,820
Home Care Contracts:																	
Self Managed Care	863	-	-	-	863	-	-	-	-	-	863	-	-	-	-	-	863
Designated Supportive Housing	2,084	-	-	-	2,084	-	-	-	-	-	2,084	-	-	-	-	-	2,084
Others	934	-	-	-	934	-	-	-	-	-	934	-	-	-	-	-	934
Therapeutic Services Contracts:																	
Physiotherapy	548	-	-	-	548	-	-	-	-	-	-	548	-	-	-	-	548
Others	267	-	-	-	267	-	-	-	-	-	-	267	-	-	-	-	267
Community Mental Health Service Contractors	486	-	-	-	486	-	-	-	-	486	-	-	-	-	-	-	486
Lloydminster Public School District	26	-	-	-	26	-	-	-	-	-	-	26	-	-	-	-	26
Lloydminster Catholic School Division	7	-	-	-	7	-	-	-	-	-	-	7	-	-	-	-	7
Lloydminster Early Intervention Program	75	-	-	-	75	-	-	-	-	-	75	-	-	-	-	-	75
City of Lloydminster	5	-	-	-	5	-	-	-	-	-	-	-	5	-	-	-	5
Total 2006	$ 91,339	$ 155	$ 9,976	$ 828	$ 102,298	$ 19,102	$ 6,321	$ 22,917	$ 1,298	$ 1,546	$ 6,402	$ 17,564	$ 317	$ 5,355	$ 273	$ 21,203	$ 102,298
Total 2005	$ 80,852	$ 159	$ 10,019	$ 874	$ 91,904	$ 17,276	$ 6,315	$ 20,926	$ 1,160	$ 1,120	$ 4,073	$ 14,535	$ 302	$ 5,649	$ 188	$ 20,360	$ 91,904

Capital Health
#6

Capital Health

Consolidated Financial Statements

March 31, 2006

CAPITAL HEALTH

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

Management's Responsibility for Financial Reporting

Auditor's Report

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries and Benefits

Schedule 3 – Consolidated Schedule of Deferred Operating Contributions

Schedule 4 – Consolidated Schedule of Voluntary and Private Health Service Providers

Schedule 5 – Consolidated Schedule of Costs of Health Outputs

CAPITAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying consolidated financial statements are the responsibility of management and have been approved by Capital Health. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising of written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. Capital Health has established a code of ethics and corporate directives, which require communication of the code to employees.

Capital Health members carry out their responsibility for the consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated financial statements to the Capital Health Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated financial statements prepared by management.

Allaudin Merali

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali
Executive Vice President &
Chief Financial Officer

May 19, 2006

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Capital Health
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health (the Region) as at March 31, 2006 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of the combined consolidated schedule of costs of health outputs of the Region and Caritas Health Group for the year ended March 31, 2006, presented in accordance with the basis disclosed in Notes a and b to the schedule. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated schedule of costs of health outputs presents fairly, in all material respects, the combined costs of health outputs of the Region and Caritas Health Group for the year ended March 31, 2006 in accordance with the basis of presentation disclosed in Notes a and b to the Schedule to the consolidated financial statements.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006, except as to Note 21 and Schedule 5,
which are as of June 9, 2006

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2006
(thousands of dollars)

	2006	2005
ASSETS		
Current assets		
Cash and temporary investments (Note 3)	$ 166,487	$ 176,958
Accounts receivable		
Contributions receivable	37,192	45,782
Other receivables	109,712	84,787
Inventories	14,337	12,842
Prepaid expenses	97,181	67,809
	424,909	388,178
Contributions receivable	103,282	10,253
Loans - long-term care partnership projects (Note 4)	44,731	38,806
Cash internally restricted for life lease	1,516	1,275
Non-current cash and investments (Note 3)	483,771	470,260
Capital assets (Note 5)	1,260,049	882,028
TOTAL ASSETS	$ 2,318,258	$ 1,790,600
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 196,650	$ 194,600
Accrued vacation pay	81,330	72,322
Deferred operating contributions (Schedule 2)	146,929	119,880
Current portion of long-term debt (Note 6)	-	807
	424,909	387,609
Non-current liabilities		
Deferred contributions (Schedule 2)	7,290	3,180
Deferred capital contributions (Note 7)	833,987	460,647
Deferred contributions - long-term care partnership projects (Note 4)	48,282	49,494
Long-term debt (Note 6)	-	25,859
Life lease deposits (Note 8)	14,599	13,744
	904,158	552,924
Unamortized external capital contributions (Note 9)	865,699	768,740
Net assets		
Unrestricted	-	-
Internally restricted funds for designated purposes	6,225	6,405
Accumulated surplus (deficit) (Note 10)	6,225	6,405
Investment in capital assets from internally funded sources	121,267	74,722
	127,492	81,127
TOTAL LIABILITIES AND NET ASSETS	$ 2,318,258	$ 1,790,600

Commitments (Note 11)
Subsequent Events (Note 25)
The accompanying notes and schedules are part of these consolidated financial statements

CAPITAL HEALTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006		2005
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 2,057,205	$ 2,051,710	$ 1,858,329
Other government contributions (Note 14)	36,527	40,610	38,496
Fees and charges (Note 15)	160,583	173,311	156,216
Ancillary operations, net (Note 16)	6,001	6,002	6,258
Research and education	32,000	55,207	40,946
Investment and other income (Note 17)	57,709	66,857	55,138
Amortization of external capital contributions (Note 9)	51,500	55,371	71,386
TOTAL REVENUE	2,401,525	2,449,068	2,226,769
Expense (Schedule 1)			
Facility-based inpatient acute care services	674,483	668,877	619,686
Facility-based emergency and outpatient services	271,097	268,221	246,624
Facility-based continuing care services	225,557	221,113	216,910
Ambulance services	13,559	12,956	10,269
Community-based care	85,294	86,063	66,940
Home care	74,390	74,346	67,025
Diagnostic and therapeutic services	457,214	449,934	424,978
Promotion, prevention and protection services	78,695	75,454	51,432
Research and education	106,282	105,335	85,565
Administration (Note 18)	60,113	56,609	55,648
Information technology	42,246	41,728	62,788
Support services (Note 19)	304,983	306,257	278,791
Amortization of facilities and improvements	34,049	36,010	31,828
TOTAL EXPENSE	2,422,925	2,402,903	2,218,484
Excess (deficiency) of revenue over expense	$ (17,400)	$ 46,165	$ 8,285

The accompanying notes and schedules are part of these consolidated financial statements

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006			2005
	Accumulated Surplus (Note 10)	Investment in Capital Assets	Total	Total
Accumulated Surplus				
Unrestricted	$ -			
Internally restricted funds for designated purposes	6,605			
Balance at beginning of year	6,605	$ 74,722	$ 81,327	$ 69,111
Excess of revenue over expense	46,165	-	46,165	8,285
Capital assets purchased with internal funds	(63,444)	63,444	-	-
Amortization on internally funded assets	42,382	(42,382)	-	-
Transfer for internally funded capital assets	(241)	241	-	-
Repayment of long-term debt used to fund capital assets	(26,097)	26,097	-	-
Other	-	-	-	3,931
Life lease deposits received	855	(855)	-	-
Balance at end of year	$ 6,225	$ 121,267	$ 127,492	$ 81,327

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Operating activities			
Excess (deficiency) of revenue over expense	$ (17,400)	$ 46,165	$ 8,285
Non-cash transactions			
Amortization of capital equipment - internally funded	39,000	33,148	37,988
Amortization of capital equipment - externally funded	21,451	25,279	39,171
Amortization of facilities and improvements	34,049	36,396	31,403
Amortization of long-term care partnership non-current loan (Note 4)	1,500	1,234	854
Amortization of external capital contributions (Note 9)	(55,500)	(55,482)	(71,467)
Amortization of long-term care partnership deferred contributions (Note 4)	(1,500)	(1,234)	(854)
Net loss on disposal of capital assets	-	3,041	14,284
Gain on disposal of investments	-	(4,181)	(2,315)
Change in non-cash working capital accounts	3,634	(9,095)	(16,971)
Cash generated by operations	25,234	75,271	40,378
Investing activities			
Purchase of investments	(100,000)	(97,711)	(56,128)
Purchase of capital assets			
Internally funded	(60,826)	(63,444)	(41,191)
Externally funded (Note 9)			
Equipment	(62,574)	(38,045)	(43,753)
Facilities and improvements	(110,000)	(114,396)	(74,996)
Proceeds on sale of investments	100,000	97,819	56,186
Long-term care partnership projects (Note 4)	-	(7,159)	(11,468)
Allocation to cash internally restricted for life lease	-	(241)	(250)
Allocations to non-current cash	50,679	(9,618)	(265,110)
Cash used for investing activities	(182,721)	(232,795)	(436,710)
Financing activities			
Deferred contributions	-	110	126
Capital contributions (Note 7)	161,974	525,781	411,226
Long-term care partnership projects (Note 4)	-	22	54
Change in contributions receivable	-	(353,049)	(10,033)
Transfer for boundary realignment	-	-	3,931
Principal payments on long-term debt	(807)	(26,666)	(766)
Proceeds from long-term debt	-	-	19,000
Life lease deposits received (paid)	-	855	(748)
Cash generated from financing activities	161,167	147,053	422,790
Increase (decrease) in current cash and temporary investments	3,680	(10,471)	26,458
Cash and temporary investments at beginning of year	175,273	176,958	150,500
Cash and temporary investments at end of year	$ 178,953	$ 166,487	$ 176,958

The accompanying notes and schedules are part of these consolidated financial statements.

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act.

On May 26, 2003 under a Ministerial Order, the Health Authority was named Capital Health. Capital Health is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health's geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county.

Capital Health provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

Capital Health operations include the following:

a) Acute Care Hospitals, Community Hospitals and Health Centres
    - University of Alberta Hospital
    - Royal Alexandra Hospital
    - Glenrose Rehabilitation Hospital
    - Grey Nuns Community Hospital (operated by the Caritas Health Group)
    - Misericordia Community Hospital (operated by the Caritas Health Group)
    - Sturgeon Community Hospital
    - Leduc Community Hospital
    - Devon General Hospital
    - Alberta Hospital Edmonton
    - Fort Saskatchewan Health Centre
    - Redwater Health Centre
    - Westview Health Centre

Note 1 Authority, Purpose and Operations (continued)

b) Innovative Primary Health Facilities
    - Northeast Community Health Centre
    - Health First Strathcona Primary Care Centre
    - Eastwood Primary Health Care Centre

c) Continuing Care Facilities
    - Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
        - Dickinsfield, Grandview, Norwood, Lynnwood, Kipness Centre for Veterans, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, and Strathcona Alzheimer Care Centre
    - Aspen House
    - Edmonton General Hospital (operated by the Caritas Health Group)
    - Private and Voluntary Continuing Care Providers:
        - 16 providers under contract operating at 30 sites
    - Supportive Living – Private and Voluntary Operators
        - 19 designated assisted living sites
        - 92 support homes

d) Home Care - contracts with 15 agencies, 38 seniors residences/lodges and 305 self managed care contracts with individuals/guardians
e) Public Health Clinics - 22 sites
f) Public Health Speciality Clinics - 5 sites and 4 school health sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 66 sites under contract and 4 public sites and 16 other contract rehabilitation providers (audiology, respiratory therapy, etc.)
l) Community Organizations - 121 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 26 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see Note 20). The entities consolidated are Capital Health and its wholly owned subsidiary, Capital Care Group Inc.

In addition, Capital Health has a fifty percent interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta. The proportionate consolidation method has been used to include Capital Health's interest in this joint venture.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, by definition unrestricted means no designation.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred. Unspent contributions are recorded as deferred contributions.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(a) Basis of Presentation (continued)

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

Capital Health accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.

(iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions and as program expense, since contract payments from Capital Health do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for Capital Health's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Capital Health has insufficient information to apply defined benefit accounting. Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

Capital Health has a supplementary defined benefit plan for certain management staff. Capital Health's benefit obligations are based on the projected benefit method prorated on services valuation that includes employee service to date and present compensation levels as well as a projection of salaries and service to retirement. No cash payments are made to staff relating to this plan until their retirement. All actuarial gains and losses are recognized as expense in the year incurred.

(ii) Other Future Benefits

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment are entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Capital Health fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market value. Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The value after write-down is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 3.

Non-current contributions receivable approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt approximates its fair value.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average cost) and net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets (continued)

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Asset Retirement Obligation

Capital Health recognizes the fair value of a future asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the assets. Capital Health concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

(i) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health and Wellness for specific projects. These amounts are not reflected in the financial statements but are disclosed in Note 23.

(j) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Capital Health records amounts to accrue for the impact of unsettled labour contracts. These amounts are estimates of future increases in salaries and benefits payable. Actual results could differ from these estimates.

Note 3 Cash and Temporary Investments

	2006		2005	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Cash	$ 513,627	$ 513,627	$ 530,998	$ 530,998
Money market securities	11,828	11,497	10,394	10,297
Bonds	91,227	94,027	76,894	80,822
Equities	33,576	46,322	28,752	37,541
Total	$ 650,258	$ 665,473	$ 647,038	$ 659,658
Classified as:				
Current	$ 166,487		$ 176,958	
Non-current	483,771		470,080	
	$ 650,258		$ 647,038	

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from March 2008 to June 2033. Bond yields to maturity range from 3.6 % to 6.7 % as at March 31, 2006 (March 31, 2005 – 3.5 % to 5.4 %). The weighted average term to maturity is 8.9 years.

Fixed-income securities, such as bonds, have an average effective yield of 3.2 % per annum based on the market for securities maturing within a year, 4.2 % per annum for securities maturing between 1 and 3 years, 4.3 % per annum for securities maturing between 3 and 5 years, 4.5 % per annum for securities maturing between 5 and 7 years, 4.6 % per annum for securities maturing between 7 and 10 years and 4.5 % per annum for securities maturing over 10 years.

Note 3 Cash and Temporary Investments (continued)

(b) (continued)

As at March 31, 2006 the securities have the following term structure based on market.

	%
Under 1 Year	1.1
1 to 5 years	24.3
5 to 10 years	56.6
Over 10 years	18.0
	100.0

The carrying value of certain investments is in excess of fair market value at March 31, 2006. The carrying value of equities has been reduced by an amount determined to be the decline in value that is other than temporary.

In circumstances where the decline in carrying value of equities is other than temporary (normally over a three or four year period), the carrying value would be written down to fair market value. Based on a review any decline in carrying value of equities not written down is deemed to be temporary.

(c) Equities are comprised of publicly traded equities in Canadian and United States resident corporations.

(d) Non-current cash and investments held relate to the following:

	2006	2005
	(thousands of dollars)	
Funds committed for long-term care partnership projects (Note 4)	$ 48,282	$ 49,494
Non-current loan - long-term care partnership projects (Note 4)	(44,731)	(38,806)
Contributions externally restricted for operating purposes	3,290	3,180
Contributions externally restricted for capital purposes (Note 7)	833,987	460,647
Contributions receivable	(363,282)	(10,233)
Internally restricted funds (Note 10)	6,225	6,605
Current portion of long-term debt (Note 6)	-	(807)
	$ 483,771	$ 470,080

Note 4 Long-term Care Partnership Projects

Capital Health uses the Forgivable Mortgage Model for reporting the receipt and advancement of funds for long-term care partnership projects. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. These funds are recorded as deferred contributions – long-term care partnership projects; except for funds used by Capital Care Group Inc. to construct the Strathcona Care Centre and Kipnes Centre for Veterans which are accounted for as deferred capital contributions. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years).

Capital Health amortizes loans - long-term care partnership projects to facility-based continuing care services and recognizes an equal amount of revenue as other government contributions through the amortization of deferred contributions long-term care partnership projects.

a) Loans – Long-term care partnership projects

	2006	2005
	(thousands of dollars)	
Balance at beginning of year	$ 38,806	$ 28,192
Funds advanced for construction of facilities	7,159	11,468
Amount recognized as facility-based continuing care services expense	(1,234)	(854)
Balance at end of year	$ 44,731	$ 38,806

b) Deferred contributions – long-term care partnership projects

	2006	2005
	(thousands of dollars)	
Balance at beginning of year	$ 49,494	$ 50,294
Net interest earned	22	54
Amount recognized as other government contribution revenue (Note 14)	(1,234)	(854)
Balance at end of year	$ 48,282	$ 49,494

Note 5 Capital Assets

	Cost (thousands of dollars)				
	Opening Balance April, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
Buildings	$ 1,035,792	$ 10,319	$ 57,127	$ (1,167)	$ 1,102,071
Parking lots	48,878	-	1,956	-	50,834
Land and improvements	13,215	1,192	1,508	-	15,915
Furniture and equipment	437,904	-	77,390	(15,466)	499,828
Equipment under capital lease	9,532	-	-	-	9,532
Leasehold improvements	11,325	-	-	-	11,325
Projects in progress [1]	76,007	(11,511)	77,904	-	142,400
Intangible asset - leases	8,552	-	-	-	8,552
	$ 1,641,205	$ -	$ 215,885	$ (16,633)	$ 1,840,457

	Accumulated Amortization (thousands of dollars)					
	Opening Balance April, 2005	Current year amortization	Amortization on Disposals	Closing Balance March 31, 2006	Net Book Value 2006	Net Book Value 2005
Buildings	$ 365,053	$ 31,707	$ (235)	$ 396,525	$ 705,546	$ 670,739
Parking lots	25,830	1,907	-	27,737	23,097	23,048
Land and improvements	3,837	239	-	4,076	11,839	9,378
Furniture and equipment	347,142	58,425	(13,357)	392,210	107,618	90,762
Equipment under capital lease	9,532	-	-	9,532	-	-
Leasehold improvements	5,863	772	-	6,635	4,690	5,462
Projects in progress [1]	-	-	-	-	142,400	76,007
Intangible asset - leases	1,920	1,773	-	3,693	4,859	6,632
	$ 759,177	$ 94,823	$ (13,592)	$ 840,408	$ 1,000,049	$ 882,028

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[1] Projects in progress include the Mazankowski Alberta Heart Institute, North Treatment Centre, Royal Alexandra Hospital redevelopment, other major capital upgrades and information technology projects under development

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	In negotiation
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier Houses	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

(b) Capital assets have been funded from the following sources:

	2006	2005
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 9)	$ 865,699	$ 768,740
Internally funded (investment in capital assets)	121,267	74,722
Financed through:		
Long-term debt (Note 6)	-	26,666
Life lease deposits (Note 8)	14,599	13,744
Cash internally restricted for life lease	(1,516)	(1,275)
Other	-	(569)
	$ 1,000,049	$ 882,028

(c) Asset Retirement Obligation

Capital Health has recorded a liability for asset retirement obligation of $9,037,000 (2004/05 – Nil). The asset retirement obligation represents the legal obligation associated with the eventual disposition of three Capital Health buildings. $3,691,000 related to asset retirement obligation is included in amortization expense at March 31, 2006.

Interest (accretion) of $746 was recorded on the asset retirement obligation.

Note 6 Long-term Debt

	2006	2005
	(thousands of dollars)	
Debentures	$ -	$ 26,666
Less: current portion	-	807
Long-term portion	$ -	$ 25,859

Alberta Capital Finance Authority debentures with maturity dates of October 1, 2018 and March 23, 2029 were repaid in the current year.

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a(2).

	2006	2005
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 119,157	$ 90,295
Restricted other government contributions	382,051	279,588
Interest on externally restricted contributions	289	310
Donations restricted for capital purposes	5,511	28,419
Other	18,773	12,614
	525,781	411,226
Transferred to unamortized external capital contributions (Note 9)	(152,441)	(118,749)
Change during the year	373,340	292,477
Balance at beginning of year	460,647	168,170
Balance at end of year	$ 833,987	$ 460,647

Balance at the end of the year is restricted for equipment, construction projects, facility upgrades and information technology projects.

Note 8 Life Lease Deposits

Funding for the Laurier House facilities, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayment deposit, for the right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the Life Lease Agreement.

Note 9 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2006	2005
	(thousands of dollars)	
Balance at beginning of year	$ 768,740	$ 721,458
Add amounts transferred from deferred capital contributions (Note 7)	152,441	118,749
Less amounts recognized as revenue:		
Ancillary operations (Note 16)	(111)	(81)
Amortization of external capital contributions - equipment	(26,864)	(45,699)
Amortization of external capital contributions - buildings	(28,507)	(25,687)
Balance at end of year	$ 865,699	$ 768,740

Note 10 Accumulated Surplus

Capital Health's accumulated surplus comprises the following:

	2006	2005
	(thousands of dollars)	
Unrestricted net assets	$ -	$ -
Internally restricted funds:		
Amounts appropriated for capital commitments and Information Systems projects	4,293	1,714
Debt repayment	-	807
Northern Alberta Clinical Trials Research Centre	1,932	1,807
Amounts appropriated for health innovation projects	-	1,333
Maintenance and other reserves for continuing care facilities	-	944
	6,225	6,605
Balance at end of year	$ 6,225	$ 6,605

Note 11 Commitments

Capital Health is committed to operating lease payments in future years as follows:

For the year ending March 31,	(thousands of dollars)
2007	3,200
2008	2,277
2009	1,094
2010	676
2011	465
and thereafter	71
	$ 7,783

The leases expire at various dates from 2006 to 2021.

Capital Health has outstanding commitments for capital equipment purchases of $25,402,000 commitments for information technology projects of $10,234,000, and capital project commitments of $215,921,000.

Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Schedule 4). Capital Health has contracted for services in the year ending March 31, 2007 similar to those provided by these operators in 2006.

Capital Health has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under LAPP. The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1,250,000,000. The outcome of the claim is not determinable.

Capital Health has been named as a defendant in a legal action in respect of increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied, which came into effect August 1, 2004. The outcome of the claim is not determinable.

In the ordinary course of operations, various claims and lawsuits are brought against Capital Health. While it is not possible to estimate the ultimate liability with respect to the pending litigation, Capital Health believes there will be no material adverse effect on its financial position.

Note 12 Budget

	Approved Budget[1]	Adjustments[2]	Adjusted Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 2,057,205	$ -	$ 2,057,205
Other government contributions	36,527	-	36,527
Fees and charges	147,083	13,500	160,583
Ancillary operations, net	4,501	1,500	6,001
Research and education	32,000	-	32,000
Investment and other income	57,709	-	57,709
Amortization of external capital contributions	70,500	(15,000)	55,500
	2,405,525	-	2,405,525
Expense			
Facility-based inpatient acute services	729,483	(55,000)	674,483
Facility-based emergency and outpatient services	254,097	17,000	271,097
Facility-based continuing care services	240,557	(15,000)	225,557
Ambulance services	10,559	3,000	13,559
Community based care	46,294	39,000	85,294
Home care	104,390	(30,000)	74,390
Diagnostic and therapeutic services	451,214	1,000	452,214
Promotion, prevention and protection services	58,695	20,000	78,695
Research and education	88,262	18,000	106,262
Administration	55,113	5,000	60,113
Information technology	60,249	(18,000)	42,249
Support services	289,963	15,000	304,963
Amortization of facilities and improvements	34,049		34,049
	2,422,925	-	2,422,925
Excess of expense over revenue	$ (17,400)	$ -	$ (17,400)

(1) The Capital Health Board approved the budget on May 25, 2005.

(2) Adjustments to expense budget amounts represent reallocation between expense categories to more closely reflect classification of expenses in 2006.

Note 13 Alberta Health and Wellness Contributions

	2006	2005
	(thousands of dollars)	
Unrestricted funding	$ 1,962,354	$ 1,766,478
Transfers from deferred contributions	87,891	84,220
Alberta Health and Wellness payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	1,465	1,486
Capital debt retirement program	-	6,145
	$ 2,051,710	$ 1,858,329

Note 14 Other Government Contributions

	2006	2005
	(thousands of dollars)	
Alberta Infrastructure	$ 1,120	$ 1,217
Alberta Mental Health Board Forensic Psychiatry	19,844	18,165
Alberta Mental Health Board	1,682	721
School health initiatives	5,249	5,658
Federal government projects	360	178
Community Lottery Boards	-	30
AADAC smoking cessation	166	180
Fair value of rent less rent charges for non-acute care facilities used by Capital Health (Schedule 4)	10,107	10,149
Fair value of use of non-owned acute care facilities (Schedule 4)	17	335
Amortization of long-term care partnership deferred contribution (Note 4)	1,234	854
Other	831	1,009
	$ 40,610	$ 38,496

Note 15 Fees and Charges

	Inpatient/Resident 2006	Inpatient/Resident 2005	Outpatient 2006	Outpatient 2005
	(thousands of dollars)		(thousands of dollars)	
Acute Care				
Out-of-province	$ 59,980	$ 50,977	$ 6,318	$ 5,221
Out-of-country base amount	252	164	196	158
Out-of country surcharge	321	209	246	199
WCB standard charges	13,247	9,385	7,421	6,532
Federal	1,711	1,531	859	797
Uninsured residents self pay	861	504	279	179
Preferred accommodation	1,744	1,947	-	-
Continuing care standard ward	553	337	-	-
Continuing care semi-private	65	60	-	-
Continuing care private	-	8	-	-
	78,734	65,122	15,319	13,086
Continuing Care				
Continuing care standard ward	8,451	5,472	-	-
Continuing care semi-private	34,733	41,190	-	-
Continuing care private	32,435	28,165	-	-
Day programs	737	619	-	-
WCB standard charges	82	64	-	-
	76,438	75,510	-	-
Home Care				
Other	140	80	-	-
	140	80	-	-
Public Health				
Other	2,680	2,341	-	77
Total	$ 157,992	$ 143,053	$ 15,319	$ 13,163

	2006	2005
Inpatient/Resident	157,992	143,053
Outpatient	15,319	13,163
	$ 173,311	$ 156,216

Note 16 Ancillary Operations

	2006 Non-Patient Food Services Operations	2006 Other Operations	2006 Parking Operations	2006 Total	2005 Total
	(thousands of dollars)				
Revenue:					
Revenue	$ 12,505	$ 22,282	$ 10,900	$ 45,687	$ 43,102
Amortization of external capital contributions	35	48	28	111	81
	12,540	22,330	10,928	45,798	43,183
Expense:					
Other expenses	11,048	21,449	5,282	37,779	35,304
Amortization of capital assets	35	48	1,934	2,017	1,621
	11,083	21,497	7,216	39,796	36,925
Excess of revenue over direct expense 2006	$ 1,457	$ 833	$ 3,712	$ 6,002	$ 6,258
Excess (deficiency) of revenue over direct expense 2005	$ 1,348	$ 1,352	$ 3,558	$ 6,258	

Note 17 Investment and Other Income

	2006	2005
	(thousands of dollars)	
Investment income	$ 23,362	$ 15,142
Other contributions	17,093	16,539
Northern Alberta Clinical Trials Centre	1,162	981
Sales and recoveries	25,240	22,476
	$ 66,857	$ 55,138

Investment income comprises interest, dividends, amortization of discount and premiums, net gains and losses on disposal of investments and write-downs of investments to market value.

Note 18 Administration

	2006	2005
	(thousands of dollars)	
General administration	$ 16,359	$ 15,866
Human resources	12,953	12,668
Financial services	10,618	10,256
Insurance	3,177	3,863
Administration - contract operators (Schedule 4)	13,502	12,995
	$ 56,609	$ 55,648

Note 19 Support Services

	2006	2005
	(thousands of dollars)	
Building maintenance, operations, security and utility	$ 82,426	$ 68,748
Patient food services	32,412	29,282
Materials management	25,208	23,327
Housekeeping	25,375	24,070
Patient registration and health records	20,302	17,607
Clinical engineering	7,029	6,795
Communications	4,117	4,415
Education	3,375	2,545
Patient transportation	629	873
Other services	2,114	2,126
Support services - contract operators (Schedule 4)	103,270	99,003
	$ 306,257	$ 278,791

Note 20 Related Parties

(a) Provincial Government

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

Capital Health is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the Board members. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between Capital Health and the Province are disclosed in the Consolidated Statement of Operations, Schedule 3, and notes 7, 13 and 14 to the consolidated financial statements.

(b) Health Authorities and Other Related Parties

Capital Health shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between Capital Health and other Health Authorities are reported in the consolidated financial statements.

Capital Health had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	(in thousands)			
	Receivable from:		Payable to:	
	2006	2005	2006	2005
Post-secondary institutions	$ -	$ 919	$ 2,745	$ 3,057
School boards	-	-	16	34
Health related boards	563	44	-	1
Other health authorities	879	707	895	35
	$ 1,442	$ 1,670	$ 3,656	$ 3,127

	(in thousands)			
	Revenue		Expenses	
	2006	2005	2006	2005
Post-secondary institutions	$ -	$ 4,831	$ 48,801	$ 37,891
School boards	5,351	-	1,504	1,217
Health related boards	23,308	20,198	76	56
Other health authorities	4,173	3,683	1,819	892
	$ 32,832	$ 28,712	$ 52,200	$ 40,056

Note 20 Related Parties (continued)

(c) Foundations

Capital Health has an economic interest in the following foundations:

	Contributions Received [1]		Resources Held by Foundations 2006		
	2006	2005	Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	$ 9,058	$ 5,434	$ 32,147	$ 8,280	$ 6,046
Royal Alexandra Hospital Foundation	1,318	1,376	11,226	1,200	329
Stollery Children's Hospital Foundation	5,465	4,228	2,516	7,099	-
Capital Care Foundation	2,745	400	9	1,079	244
Black Gold Health Foundation	165	135	233	83	-
Glenrose Foundation	448	365	646	190	1,684
Sturgeon Community Hospital Foundation	403	253	231	352	748
Council of Foundations	120	60	-	650	-
Alberta Hospital Edmonton Foundation	-	-	-	-	-
Tri Community Health & Wellness Foundation (Stony Plain)	-	3	33	8	52
Devon Hospital Foundation	-	-	-	-	211
	$ 19,722	$ 12,254	$ 47,041	$ 18,941	$ 9,314

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[1] Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 20 Related Parties (continued)

(c) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2006	2005	2006	2005
	(thousands of dollars)			
University Hospital Foundation	$ -	$ -	$ -	$ -
Royal Alexandra Hospital Foundation	-	-	-	140
Stollery Children's Hospital Foundation	-	-	3,931	3,280
Capital Care Foundation	108	129	-	-
Black Gold Health Foundation	25	-	(4)	-
Glenrose Foundation	75	150	4	416
Sturgeon Community Hospital Foundation	-	-	106	11
Council of Foundations	-	-	-	-
Alberta Hospital Edmonton Foundation	-	-	-	-
Tri Community Health & Wellness Foundation (Stony Plain)	-	-	-	-
Devon Hospital Foundation	-	-	-	(1)
	$ 208	$ 279	$ 4,037	$ 3,846

(d) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations 2006		
	2006	2005	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
The Friends of University Hospital	$ 110	$ 210	$ 148	$ 635	$ 182
Royal Alexandra Hospital Women's Auxiliary	-	-	-	-	-
Sturgeon Healthcare Auxiliary Volunteer Association	-	210		-	-
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	-
Stony Plain and District Health Centre Auxiliary	-	-	-	-	-
	$ 110	$ 420	$ 148	$ 635	$ 182

Note 21 Province Wide Services

Alberta Health and Wellness contributions include funding for Province-wide services, which are a range of complex, high technology and high cost medical services available to Albertans. Funding and cost information included in revenue and expenses are as follows:

2006
(In thousands)

	Funding	Costs	Variance $	Variance %
Inpatient	$ 146,248	$ 143,930	$ 2,318	1.6
Clinics & Home Services	82,113	85,870	(3,757)	(4.6)
High Cost Drugs and Devices	32,840	32,524	316	1.0
One time unallocated funding (where applicable)	4,500	-	4,500	100.0
Subtotal	$ 265,701	$ 262,324	$ 3,377	1.3
Amortized external capital contributions	3,966	-	3,966	
Total	$ 269,667	$ 262,324	$ 7,343	2.7

*These amounts exclude the $2 million equipment funding and the estimated $10.8 million of annual equipment replacement costs for Province Wide Services.

2005
(In thousands)

	Funding	Costs	Variance $	Variance %
Inpatient	$ 131,147	$ 137,749	$ (6,602)	(5.0)
Clinics & Home Services	74,812	76,309	(1,497)	(2.0)
High Cost Drugs and Devices	25,619	28,636	(3,017)	(11.8)
One time unallocated funding (where applicable)	-	-	-	
Subtotal	$ 231,578	$ 242,694	$ (11,116)	(4.8)
Amortized external capital contributions	4,168		4,168	
Total	$ 235,746	$ 242,694	$ (6,948)	(2.9)

*These amounts exclude the $2 million equipment funding and the estimated $10.7 million of annual equipment replacement costs for Province Wide Services.

(1) Total funding includes amortization of related external capital contributions. Amortized external capital contributions represent the revenue associated with amortization expense of externally funded capital assets.

(2) Inpatient, and clinics and home services include direct costs, allocation of overhead and internally funded and externally funded amortization of equipment.

(3) Inpatient services consist of organ and bone marrow transplants, most heart surgeries, angioplasties, high-end trauma and burn cases, selected neurosurgery procedures, neonatology and selected oncology procedures.

(4) Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, dialysis prevention program, pre and post transplant services, islet cell transplantation, home enteral nutritional therapy, medical genetic testing, COMPRU (osseointegration procedures), visudyne therapy, pediatric transport, HIV clinic, 1-800 AIDS Hotline and STD/TB clinics.

(5) High cost drugs represent actual costs for transplantation drugs, HIV drugs and other pre-established high-cost drugs. Drug distribution costs are included. High cost devices represent actual costs for cranioplasty, implantable defibrillators and cochlear implants.

Note 22 Surgical Services Contracts

Capital Health has entered into contracts with accredited surgical facilities pursuant to the *Health Care Protection Act* to provide health services. Information on the facilities, contract values and payments is as follows:

Entity	Service	Term of Contract Start Date	 End Date	Total Value of Contract	Total Expense 2006	 2005
				(thousands of dollars)		
Barry Lycka	Dermatology	1-Apr-05	31-Mar-06	$ 43	$ 38	$ 43
Don Groot Professional Corporation	Dermatology	1-Apr-05	31-Mar-06	263	240	239
Alberta Eye Institute, Inc	Ophthalmology	1-Apr-05	31-Mar-06	254	254	233
Buski Eye Centre and Surgical Suite	Ophthalmology	1-Apr-05	31-Mar-06	-	-	3
Coronation Day Surgery Centre	Ophthalmology	1-Apr-05	31-Mar-06	76	76	38
David B. Climenhaga Professional Corporation	Ophthalmology	1-Apr-05	31-Mar-06	233	233	232
Dr. Carle (R. Johnson Aries)	Ophthalmology	1-Apr-05	31-Mar-06	-	-	28
Gimbel Eye Centre - Edmonton, Inc.	Ophthalmology	1-Apr-05	31-Mar-06	203	202	203
Royce L.C. Johnson Professional Corporation	Ophthalmology	1-Apr-05	31-Mar-06	227	221	112
Darrell Andrew Paul Gotaas Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	109	81	73
E. Christopher Robinson Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	52	32	53
E. Wayne Tunis Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	55	51	44
Kevin E. Lung Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	109	96	109
Randall W. Kreutz Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	55	43	34
Saramjeev Lalh	Oral Surgery	1-Apr-05	31-Mar-06	18	19	
Terence K. Vankka Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	33	33	28
Thomas R. Stevenson Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	55	55	54
Walter Dobrovolsky Professional Corporation	Oral Surgery	1-Apr-05	31-Mar-06	109	96	109
Coronation Day Surgery Centre	Otolaryngology	1-Apr-05	31-Mar-06	136	123	112
Coronation Day Surgery Centre	Plastic Surgery	1-Apr-05	31-Mar-06	22	8	6
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	1-Apr-05	31-Mar-06	258	215	257
Baya 91 Limited - Morgentaler Clinic	Reproductive Health	1-Apr-05	31-Mar-06	1,920	1,920	1,322
				$ 4,230	$ 4,036	$ 3,332

Note 23 Trust Funds

Capital Health receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received $8,817,000 (2005 $23,424,000) and disbursed $11,908,000 (2005 $9,451,000) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is $14,509,000 (2005 $17,600,000).

During the year Capital Health received from Alberta Health and Wellness $45,000 for Management of Obstetrical Risk (MORE), $770,000 for Genotyping for Hepatitis C Virus, $1,075,000 for Provincial Perinatal Health Program under a Tripartite Partnership, $425,000 for Provincial Laboratory HIV Hepatitis B funding, $150,000 for Complex Invasive Therapies, $160,000 for Western Canada Children's Health Network and $38,000 for evaluations of Health LINK.

The balance of funds held by Capital Health for these projects at the end of 2005/06, including interest where applicable, was $4,327,000 for Management of Obstetrical Risk (MORE), $278,000 for Genotyping for Hepatitis C Virus, $185,000 for Provincial Perinatal Health Program under a Tripartite Partnership, $61,000 for Western Canada Children's Health Network and $38,000 for evaluations of Health LINK.

The entire funding for Provincial Laboratory HIV Hepatitis B, and Complex Invasive Therapies funding have been expended.

Note 24 Pension Costs

Capital Health participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health's annual contributions payable. In the current fiscal year employer contribution rates were increased from 7.4% to 7.8% for earnings up to the Year's Maximum Pensionable Earnings (YMPE) and from 10.1% to 10.6% for earnings above YMPE. The LAPP Board of Trustees cautions that depending on LAPP's return on investments over the next few years and other factors such as interest rates, retirement rates and other demographic cost changes, further rate increases could be necessary. At December 31, 2005 LAPP reported a deficit of $863,558,000 (2004 deficit of $1,288,924,000).

Capital Health has a supplementary defined benefit plan for certain management staff. There are no cash payments made to staff relating to this plan until their retirement. The plan is secured by a letter of credit from a financial institution. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation. The actuarial valuation assumed a discount rate of 5.0% per annum (2005 - 5.9%). Accrued benefit liability $5,023,000 (2005 - $3,682,000) on supplementary defined benefit plan is equal to the accrued benefit obligation and included in benefits payable under current liability.

Note 24 Pension Costs (continued)

Pension plan expense comprises the following:

	2006	2005
	(thousands of dollars)	
Local Authorities Pension Plan	$ 56,982	$ 43,837
Supplementary defined benefit plan	583	477
	$ 57,565	$ 44,314

Note 25 Subsequent Events

Subsequent to the year ended March 31, 2006, Alberta Infrastructure and Transportation transferred ownership of the following facilities to Capital Health:

St. Joseph's Auxiliary Hospital, Grey Nuns Community Hospital and Misericordia Community Hospital. These transfers will be recorded at net book value provided by Alberta Infrastructure and Transportation.

Note 26 Comparative Figures

Certain March 31, 2005 figures on the Consolidated Statements have been restated to conform to the current year's presentation.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Capital Health Board.

Schedule 1

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006		2005
	Budget	Actual	Actual
Salaries and benefits (Schedule 2)	$ 1,118,496	$ 1,114,672	$ 1,030,733
Contracts with health service operators (Schedule 4)	661,178	662,635	595,023
Medical, consulting and other professional services	140,346	136,885	125,190
Medical and surgical supplies	106,767	105,908	89,875
Drugs and gases	85,503	85,420	74,052
Contracts under the Health Care Protection Act (Note 22)	4,579	4,036	3,332
Interest on long term debt	3,371	2,523	1,340
Other[(1)]	244,687	232,756	213,018
Amortization:			
Capital equipment - internally funded	39,000	33,148	37,988
Capital equipment - externally funded	21,451	25,279	39,171
Facilities and improvements	34,049	36,396	31,403
Net loss on disposal of capital assets	-	3,041	14,284
	2,459,427	2,442,699	2,255,409
Less amounts reported in ancillary operations (Note 16)	(36,502)	(39,796)	(36,925)
	$ 2,422,925	$ 2,402,903	$ 2,218,484

(1) Significant amounts under "Other" include	2006	2005
Office, general supplies and miscellaneous	$ 48,600	$ 46,327
Diagnostic and therapeutic supplies	26,591	23,585
Plant operations	30,255	30,566
Referred-out services	14,838	13,001
Equipment maintenance	16,660	15,740
Food supplies	19,155	17,066
Equipment (minor, construction, rental, and building/ground maintenance)	32,338	24,602
Transportation	16,118	12,575

Schedule 2

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006							2005			
					Severance						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total Salaries, Benefits and Honoraria	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits, Honoraria	Severance	Total
Board Compensation											
Chairperson											
Wilkinson, Neil	1	$ 79	$ -	$ 79	-	$ -	$ 79	1	$ 69	$ -	$ 69
Board Members											
Members at March 31, 2005											
Blumenthal, Leonard	1	26	-	26	-	-	26	1	23	-	23
Burch, Bill	1	14	-	14	-	-	14	1	11	-	11
Butti, Olivia	1	28	-	28	-	-	28	1	19	-	19
Crevolin, Pierre	1	8	-	8	-	-	8	1	2	-	2
Dennett, Jack	1	15	-	15	-	-	15	1	9	-	9
Goss, Doug	1	4	-	4	-	-	4	1	3	-	3
Hartwell, Vernon	1	5	-	5	-	-	5	-	-	-	-
Kinsella, Wendy	1	18	-	18	-	-	18	1	13	-	13
Plain, Margaret	1	22	-	22	-	-	22	1	15	-	15
Polowick, Karen M	1	22	-	22	-	-	22	1	18	-	18
Ramsey, John C	1	14	-	14	-	-	14	1	6	-	6
Sewell, George	1	10	-	10	-	-	10	1	7	-	7
Wade, Margaret	1	20	-	20	-	-	20	1	13	-	13
Warring, Molly	1	24	-	24	-	-	24	1	16	-	16
Total honoraria	15	$ 309	$ -	$ 309	-	$ -	$ 309	14	$ 224	$ -	$ 224

Schedule 2 (continued)

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006							2005			
					Severance						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total Salaries, Benefits and Honoraria	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits, Honoraria	Severance	Total
Staff											
Chief Executive Officer	1.00	$ 601	$ 20	$ 621	-	$ -	$ 621	1.00	$ 538	-	$ 538
Management persons reporting to the CEO											
Vice Presidents, Operating Officers and Others											
Senior Vice President Facilities Planning & Construction	1.00	312	20	332	-	-	332	1.00	321	-	321
Executive Vice President & Chief Operating Officer - Health Services	1.00	320	20	340	-	-	340	0.25	67	-	67
Vice President - Academic Affairs	1.00	216	-	216	-	-	216	1.00	199	-	199
Executive Vice President & Chief Financial Officer	1.00	390	20	410	-	-	410	1.00	385	-	385
Director - Government Affairs	1.00	158	19	177	-	-	177	1.00	153	-	153
Vice President - Human Resources	1.00	289	20	309	-	-	309	1.00	251	-	251
Vice President - Medical Affairs	1.00	357	20	377	-	-	377	1.00	374	-	374
Vice President - Public Affairs	1.00	200	18	218	-	-	218	1.00	200	-	200

Schedule 2 (continued)

CAPITAL HEALTH
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006							2005			
					Severance						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total Salaries, Benefits and Honoraria	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits, Honoraria	Severance	Total
Other management person(s) reporting to those above (avg. 2006 $98, avg. 2005 $93) (excluding severance)	902	$ 75,301	$ 12,967	$ 88,268	11	$ 628	$ 88,896	818	$ 76,143	$ 402	$ 76,545
Medical doctors not included above (avg. 2006 $195, avg. 2005 $183) (excluding severance)	32	5,660	571	6,231	-	-	6,231	32	5,819	-	5,849
Regulated nurses not included above -RNs, Reg. Psych. Nurses, Grad Nurses (avg. 2006 $90, avg. 2005 $86) (excluding severance)	4,779	367,122	62,497	429,619	1	75	429,694	4,562	392,085	88	392,173
- LPNs (avg. 2006 $55, avg. 2005 $53) (excluding severance)	784	36,688	6,104	42,792	-	-	42,792	766	40,732	29	40,761
Other health technical and professionals (avg. 2006 $83, avg. 2005 $81) (excluding severance)	2,402	166,766	33,694	200,460	6	134	200,594	2,340	189,308	220	189,528
Unregulated health service providers (avg. 2006 $45, avg. 2005 $43) (excluding severance)	1,300	49,765	8,109	57,874	1	1	57,875	1,271	55,283	9	55,292
Other frontline staff (avg. 2006 $50, avg. 2005 $48) (excluding severance)	5,730	242,158	42,264	284,422	22	276	284,698	5,529	266,822	574	267,396
Supplemental Executive Retirement Plant [illegible]	-	-	583	583	-	-	583	-	477	-	477
Capital Health Total	15,953.00	$ 946,612	$ 166,946	$ 1,113,558	41	$ 1,114	$ 1,114,672	15,340.25	$ 1,029,411	$ 1,322	$ 1,030,733
Caritas Health Group Total	3,152.00										
Total Capital Health and Caritas Health Group	19,105.00										

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

1. Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,022.75 hours, except for named individuals.

   Total actual discrete number of individuals employed were 27,857 (2005 26,445)

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances, and tuition. The President & CEO is also provided with an automobile allowance.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

6. Other adjustments include non cash increases in pension accruals. No cash payment has been made to any named staff during the year. These non-cash adjustments relate to accrued supplementary pension benefit obligation and consists of the following:

(thousands of dollars)

a) The Current Year Costs of the plan were:	2006 Service Costs	2005 Service Costs
President & Chief Executive Officer	$ 72	$ 58
Senior Vice President Facilities Planning & Construction	38	36
Executive Vice President & Chief Operating Officer - Health Services	22	19
Executive Vice President & Chief Financial Officer	34	31
Director - Government Affairs	3	-
Vice President - Human Resources	-	-
Vice President - Public Affairs	13	12
Other	64	59
	$ 246	$ 215

b) The annual amortized cost of the prior service liability and interest costs amounted to:

	2006		2005	
	Prior Services Costs	Interest Costs	Prior Service Costs	Interest Costs
President & Chief Executive Officer	$ 43	$ 57	$ 28	$ 60
Senior Vice President Facilities Planning & Construction	12	34	14	31
Executive Vice President & Chief Operating Officer - Health Services	30	(1)	5	8
Executive Vice President & Chief Financial Officer	35	8	7	17
Director - Government Affairs	2	1	5	-
Vice President - Human Resources	19	6	8	11
Vice President - Public Affairs	2	8	3	5
Other	28	53	16	44
	$ 171	$ 166	$ 86	$ 176

Schedule 3

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF DEFERRED OPERATING CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue					Transfers				
	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 13)	Other government contributions	Foundations	Donors	Investments and other	Between projects regions	To UECC	To Deferred Capital Contributions	Returned Funds	Closing Balance March 31, 2006
Alberta Health and Wellness :																
Unrestricted	$ -	$ 1,962,354	$ -	$ -	$ -	$ -	$ 1,962,354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	52,172	220,848	-	-	-	-	87,891	-	-	-	-	(1,344)	-	(119,157)	(22)	64,606
Direct Alberta Health and Wellness funding to related parties	-	1,465	-	-	-	-	1,465	-	-	-	-	-	-	-	-	-
Sub-total	52,172	2,184,667	-	-	-	-	2,051,710	-	-	-	-	(1,344)	-	(119,157)	(22)	64,606
Other contributors:																
Other government contributions	2,053	-	27,766	-	-	-	-	27,301	-	-	-	-	-	-	-	2,518
Research & Education	56,278	11,150	-	-	883	59,431	8,136	-	-	817	44,489	-	-	(5,554)	-	68,746
Other contributions	9,377	-	-	112	2	18,661	-	-	64	46	16,983	-	-	-	-	11,059
Total 2005/06	$ 119,880	$ 2,195,817	$ 27,766	$ 112	$ 885	$ 78,092	$ 2,059,846	$ 27,301	$ 64	$ 863	$ 61,472	$ (1,344)	$ -	$ (124,711)	$ (22)	$ 146,929

Unspent amounts at year end are as follows	2006	2005
Current	$ 146,929	$ 119,880
Non-current	3,290	3,180
	$ 150,219	$ 123,060

Schedule 4

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

Voluntary and private facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community based care	Home care	Diagnostic and therapeutic services	Promotion, prevention and protection services	Research and education	Administration	Support services	Total Expenditures
Allen Gray Auxiliary Hospital	$ 6,416	$ -	$ 2,349	$ 17	$ 8,782	$ -	$ -	$ 5,603	$ 80	$ -	$ 750	$ -	$ -	$ 176	$ 2,173	$ 8,782
Caritas Health Group	253,499	-	15,821	10,107	279,427	115,128	33,666	13,530	-	-	46,634	248	3,097	9,715	57,409	279,427
China Town	3,363	-	1,245	-	4,608	-	-	2,957	279	-	127	-	-	92	1,153	4,608
Central Park Lodges	13,061	-	5,392	-	18,453	-	-	12,410	149	-	1,062	-	-	357	4,475	18,453
Extendicare Canada Inc	9,883	184	4,192	-	14,259	-	-	8,871	-	-	1,006	-	-	289	4,093	14,259
Good Samaritan Society	37,187	297	11,432	-	48,916	772	-	24,178	8,285	-	4,250	-	-	977	10,454	48,916
Hardisty Nursing Home	6,192	-	2,685	-	8,877	-	-	5,638	-	-	554	-	-	177	2,508	8,877
Qualicare Health Services Corp	10,965	628	4,096	-	15,689	-	-	10,571	-	-	1,022	-	-	314	3,782	15,689
Salem Manor	3,683	54	1,634	-	5,371	-	-	3,332	-	-	396	-	-	108	1,535	5,371
Shepherd's Care Foundation	8,370	-	3,021	-	11,391	-	-	7,524	-	-	846	-	-	228	2,793	11,391
Sherwood Park Care Centre	3,887	-	1,588	-	5,475	-	-	3,438	-	-	440	-	-	109	1,488	5,475
St. Joseph's Auxiliary Hospital	10,290	-	3,260	-	13,550	-	-	8,789	272	-	1,412	-	-	267	2,810	13,550
St. Michael's Long Term Care Centre	6,665	-	2,448	-	9,113	530	-	5,057	362	-	717	-	-	182	2,265	9,113
Summit Care Corp. Ltd./Devonshire Care Centre	5,708	-	2,082	-	7,790	-	-	5,369	-	-	303	-	-	156	1,962	7,790
Venta Nursing Home	5,092	237	2,155	-	7,484	-	-	4,911	-	-	418	-	-	149	2,006	7,484
Youville Nursing Home	6,747	65	2,419	-	9,231	-	-	5,994	-	-	803	-	-	185	2,249	9,231
Other DAL Providers	8,341	-	-	-	8,341	-	-	-	8,341	-	-	-	-	-	-	8,341
Personal care homes	9,377	-	-	-	9,377	-	-	-	9,377	-	-	-	-	-	-	9,377
Homecare providers	46,206	-	-	-	46,206	-	1	-	49	46,156	-	-	-	-	-	46,206
Physiotherapy providers	7,732	-	-	-	7,732	-	-	-	-	-	7,732	-	-	-	-	7,732
Mental health providers	8,202	-	-	-	8,202	-	-	-	8,202	-	-	-	-	-	-	8,202
Non-hospital surgical facilities	5,679	-	-	-	5,679	-	5,679	-	-	-	-	-	-	-	-	5,679
Other	108,682	-	-	-	108,682	1,323	683	3,352	1,485	-	81,440	4,603	15,660	21	115	108,682
Total 2005/06	$ 585,227	$ 1,465	$ 65,819	$ 10,124	$ 662,635	$ 117,753	$ 40,029	$ 131,524	$ 36,881	$ 46,156	$ 149,912	$ 4,851	$ 18,757	$ 13,502	$ 103,270	$ 662,635
Total 2004/05	$ 513,041	$ 7,631	$ 63,867	$ 10,484	$ 595,023	$ 103,197	$ 36,102	$ 128,931	$ 4,949	$ 63,444	$ 143,235	$ 222	$ 2,945	$ 12,995	$ 99,003	$ 595,023

Schedule 5

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR COMBINED EXPENSES OF CAPITAL HEALTH AND CARITAS HEALTH GROUP
FOR YEAR ENDED MARCH 31, 2006

	2006			2005		
	Activity Measure	Average Cost	Total Cost (thousands of dollars)	Activity Measure	Average Cost	Total Cost (thousands of dollars)
Acute Care						
Inpatient	Cases			Cases		
Cardiac Sciences	7,249	$ 13,406	97,183	7,180	$ 12,611	90,544
Child Health	10,920	12,032	131,390	10,834	11,356	123,036
Family Health	9,606	7,033	67,562	8,876	6,443	57,190
Geriatrics	1,016	28,966	29,429	1,042	27,650	28,811
Medicine	13,132	12,322	161,810	13,050	11,473	149,725
Mental Health	3,861	10,683	41,246	3,597	10,461	37,627
Neurosciences	3,453	14,187	48,988	3,256	13,664	44,490
Ophthalmology	1,650	2,086	3,442	1,517	2,311	3,506
Palliative	358	17,676	6,328	375	17,029	6,386
Rehabilitation	893	28,765	25,687	965	27,714	26,744
Renal	701	18,409	12,905	615	16,823	10,346
Surgery	28,521	8,581	244,745	27,822	8,053	224,037
Transplants	283	87,693	24,817	245	86,824	21,272
Women's Health	31,537	2,274	71,719	31,048	2,194	68,124
Alberta Hospital Edmonton	1,131	63,322	71,617	1,172	56,854	66,633
Other	53	7,453	395	62	5,048	313
Inpatient cases (Note b(i))	**114,364**	**$ 9,087**	**$ 1,039,263**	**111,656**	**$ 8,587**	**$ 958,795**
	Days			Days		
Cost per patient day	969,082	1,072	**1,039,263**	938,022	1,022	**958,795**
Outpatient services	Visits			Visits		
Emergency	361,374	$ 268	96,957	352,926	$ 269	94,946
Day procedures	83,216	1,112	92,562	81,685	1,016	82,962
Clinic visits	1,762,777	154	272,073	1,692,079	150	254,610
Alberta Hospital Edmonton	n/a		18,803	n/a		17,991
Other						
Home peritoneal dialysis supplies (therapy days)	57,574	73	4,219	50,585	60	3,060
Pediatric transport (trips)	182	4,445	809	227	4,115	934
Telehealth (participants)	40,445	34	1,377	38,386	20	782
Total outpatient services			**$ 486,800**			**$ 455,285**
Total inpatient and outpatient acute care expenses			**$ 1,526,063**			**$ 1,414,080**
Other acute care expenses (Note b(ii))						
Outpatient drugs			24,460			23,211
Provincial Laboratory			21,191			19,465
Organ & tissue procurement			6,093			3,434
Other costs (neuromodulation, air ambulance, brain injury services, etc.)			16,706			15,455
Work in progress (Note b(iii))			9,824			5,596
Total acute care expenses			**$ 1,604,337**			**$ 1,481,241**

Schedule 5 (continued)

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR COMBINED EXPENSES OF CAPITAL HEALTH AND CARITAS HEALTH GROUP
FOR YEAR ENDED MARCH 31, 2006

	2006			2005		
	Activity Measure	Average Cost	Total Cost	Activity Measure	Average Cost	Total Cost
Community Health and Continuing Care (Note b(iv))			(thousands of dollars)			(thousands of dollars)
Community Rehabilitation	Visits			Visits		
Physiotherapy	191,008	$ 34	$ 6,575	252,583	$ 35	$ 8,789
Speech and language pathology	101,784	85	8,682	112,122	78	8,718
Total Community Rehabilitation			$ 15,257			$ 17,507
	Hours			Hours		
Home care	3,095,694	$ 32	$ 100,124	2,803,305	$ 33	$ 92,502
Continuing Care Services	Client Days			Client Days		
Continuing care facilities	1,727,349	$ 176	$ 304,506	1,728,833	$ 178	$ 308,277
Day programs	169,961	73	12,395	175,255	70	12,348
Palliative care	20,598	376	7,737	20,599	339	6,992
Personal care homes/assisted living	422,156	69	29,099	304,235	79	24,112
Subacute care	59,904	257	15,423	52,236	256	13,355
Total continuing care services	2,399,968	$ 154	$ 369,160	2,281,158	$ 160	$ 365,084
	Visits			Visits		
Prevention, protection, promotion and other related services						
Antenatal services	8,027	$ 120	$ 966	7,777	$ 123	$ 955
Birth control	8,907	94	836	8,534	94	798
Health link (calls)	635,275	18	11,751	614,117	18	10,787
Healthy beginnings (cases)	61,846	106	6,539	59,264	104	6,179
Immunizations	438,849	32	14,115	357,222	38	13,397
Environmental health	110,802	65	7,159	98,086	61	5,965
Sexually transmitted diseases services	19,118	99	1,902	16,815	101	1,703
Traveller's clinic (doses)	58,598	50	2,902	50,243	46	2,333
TB services	7,821	124	966	6,562	140	918
Preventative dental services	46,192	49	2,265	35,319	55	1,933
Total prevention, protection, promotion services			$ 49,401			$ 44,968
	Procedures			Procedures		
Community diagnostic services (procedures)	10,709,143	$ 7	72,924	10,507,022	$ 6	64,830
Community mental health services (visits)	-		64,763	n/a		48,663
Total community health and continuing care expenses			$ 671,629			$ 633,554

SUMMARY

	2006	2005
Total acute care expenses	$ 1,604,337	$ 1,481,241
Total community health and continuing care expenses	671,629	633,554
Research and education	108,585	85,775
Amortization of facilities and improvements	40,143	35,734
Total expenses	$ 2,424,694	$ 2,236,304
Consolidated Capital Health per statement of operations	$ 2,402,903	$ 2,218,484
Caritas Health Group - additional expenses not reported in the consolidated statement of operations	21,791	17,820
	$ 2,424,694	2,236,304

Schedule 5 (continued)

CAPITAL HEALTH
NOTES TO THE COMBINED CONSOLIDATED SCHEDULE OF HEALTH OUTPUTS
MARCH 31, 2006

Note a) Introduction

Capital Health has prepared Schedule 5 "Combined Consolidated Schedule of Health Outputs" to classify the combined expenses of Capital Health and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. The information in the schedule was generated by Capital Health's costing system, in accordance with a methodology that meets the recommendations of Alberta Health & Wellness for patient-specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

Certain March 31, 2005 figures have been reclassified to conform to the March 31, 2006 presentation.

Capital Health plans to continue to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient Services comprise inpatient cases based on separations during the period (discharges and deaths).

Supplementary information is provided on the cost per day. Days stay represents the total day stay of patient separations (discharges, deaths) during the year.

Outpatient Services are measured by outpatient visits during the periods.

Outpatient visits comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient:

- Emergency - patients registered as emergency cases.
- Day procedures - patients attending distinct day surgery and day procedure locations.
- Clinic visits - all other outpatient, clinic, diagnostic and therapeutic services visits. Clinic visits counts are based on the Alberta Health & Wellness ambulatory care visit definition.
- Alberta Hospital Edmonton – patients receiving outpatient adult, geriatric or forensic services at the facility, satellite clinic or other location.

Schedule 5 (continued)

Note b) Basis of Presentation (continued)

(i) Patient Specific Acute Care Expenses (continued)

- Home Peritoneal Dialysis Supplies reflect supplies consumed in the home.
- Pediatric Transport is the pre-hospitalization transport of children by ground or air utilizing a specialized team of respiratory therapy, nursing and medical staff.
- Telehealth – technical and infrastructure costs are associated with comparative output measures on the number of clinical, educational, administrative and other participants at teleconference sessions. Clinical costs are included in Clinics.
- Average cost per case/visit includes costs that are directly associated with the provision of the services such as staffing, supply and drug as well as indirect and overhead costs but not amortization of the cost of physical facilities.

(ii) Other Acute Care Expenses

Other acute care expenses include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented.

- Outpatient Drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient visit (e.g. post-transplant, HIV), as well as related pharmacy expenses;
- Provincial Laboratory – services not associated with an inpatient or outpatient case such as environmental water testing;
- Organ & Tissue Procurement – costs associated with harvesting organs and tissue for transplantation;
- Other Costs include neuromodulation supplies, air ambulance, external grants for brain injury services, and other non-allocated costs.

(iii) Work in Progress

Work in Progress reflects the costs of services provided for inpatients not yet discharged. It includes inpatient case costs incurred in the prior year, to enable reconciliation to financial statements.

(iv) Community Health including Continuing Care, Rehabilitation, Primary Care and Public Health – Activity Measures

Community Rehabilitation Visits reflect the number of contacts for physiotherapy, speech and language pathology, audiology and respiratory therapy assessment or intervention funded by the Capital Health community rehabilitation program.

Note b) Basis of Presentation (continued)

(iv) Community Health including Continuing Care, Rehabilitation, Primary Care and Public Health – Activity Measures (continued)

Home Care Hours reflect the number of hours of service provided by home care agencies, the operators of residences, Capital Health's professional staff, and staff hired by home care service recipients themselves (i.e. self-managed care).

Continuing Care Client Days reflects the number of days of service for continuing care recipients. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

(iv) Community Health and Continuing Care – Activity Measures (continued)

Prevention, Protection, Promotion and Other Related Services Visits reflect contacts for specific community health services:

- Birth Control – visits to the birth control clinic;
- Health Link (calls) - telephone calls for health advice;
- Healthy Beginnings (cases) - families with a newborn receiving home visits and other services for the first few weeks following discharge from hospital;
- Immunization (doses) - vaccinations or inoculations administered;
- Environmental Health - visits to premises for licensing, inspection and response to complaints;
- STD Services - visits to the specialized sexually transmitted diseases health service;
- Traveller's Clinic (doses) - vaccinations or inoculations administered;
- TB Services - contacts with the specialized tuberculosis team;
- Antenatal Services – visits for centralized prenatal and antenatal care; and
- Preventative Dental - visits for preventative dental education and treatment.

Community Diagnostic Services Procedures reflect clinical laboratory tests not associated with hospital inpatient or outpatient visits (e.g. laboratory tests ordered by community physicians).

Community Mental Health Services visits include assessments, treatments and support services provided in the community.

Pandemic Preparedness includes the cost of personal protection supplies for pandemic preparedness.

Other Community Health Services include a number of prevention, protection and promotion services, including Boyle McCauley Health Centre, weightwise, sexual assault response, west nile virus testing, and the development of local primary care initiatives.

Aspen
#7

ASPEN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2006

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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ASPEN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP, to review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

	Shelly Pusch
Andrew Will President and Chief Executive Officer	Shelly Pusch Vice President Corporate Services

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May 19, 2006

Auditors' Report

To the Members of
Aspen Regional Health Authority and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Aspen Regional Health Authority (the "Authority") as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2006
(in thousands)

	2006 Actual	2005 Actual
ASSETS		
Current		
Cash and investments (Note 3)	47,061	50,582
Accounts receivable	5,675	4,317
Contributions receivable from Alberta Health and Wellness	3,472	3,774
Inventories	1,483	1,452
Prepaid expenses	1,420	1,399
	59,111	61,524
Non-current cash and investments (Note 3)	16,347	17,774
Capital assets (Note 4)	149,110	128,304
Other assets (Note 5)	2,464	2,547
TOTAL ASSETS	$ 227,032	$ 210,149
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	19,757	19,848
Accrued vacation pay	10,180	9,369
Deferred contributions (Schedule 3)	11,512	9,274
	41,449	38,491
Deferred contributions (Schedule 3)	2,464	2,547
Deferred capital contributions (Note 6)	22,865	28,867
Unamortized external capital contributions (Note 7)	137,387	118,694
	204,165	188,599
Net assets		
Accumulated surplus (Note 8)	11,144	11,940
Investment in capital assets (from internally funded sources)	11,723	9,610
	22,867	21,550
TOTAL LIABILITIES AND NET ASSETS	$ 227,032	$ 210,149

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
	(Note 10)		
Revenue			
Alberta Health and Wellness contributions (Note 11)	202,584	202,584	190,316
Other government contributions (Note 12)	2,837	2,453	2,357
Fees and charges (Note 13)	20,909	22,077	20,556
Ancillary operations, net (Note 14)	180	291	303
Donations	350	354	368
Investment and other income (Note 15)	5,970	6,378	6,441
Amortized external capital contributions (Note 7)	8,098	7,891	7,818
TOTAL REVENUE	240,928	242,028	228,159
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	36,167	36,138	34,038
Facility-based emergency and outpatient services	21,539	22,331	18,935
Facility-based continuing care services	30,834	28,915	29,730
Community-based care	14,261	13,647	12,028
Home care	13,233	12,980	12,372
Diagnostic and therapeutic services	46,658	44,728	41,144
Promotion, prevention and protection services	10,788	10,364	9,463
Administration (Note 16)	9,543	9,513	8,779
Information technology	3,959	3,960	3,864
Support services (Note 17)	53,544	52,945	51,869
Amortization of facilities and improvements	5,253	5,190	5,207
TOTAL EXPENSES	245,779	240,711	227,429
Excess (deficiency) of revenue over expense	$ (4,851)	$ 1,317	$ 730

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006
(in thousands)

	2006			2005
	Accumulated surplus (Note 8)	Investment in capital assets from internally funded sources	Total	Total
Excess of revenue over expense	1,317	-	1,317	730
Capital assets purchased with internal funds	(3,815)	3,815	-	-
Amortization on internally funded capital assets	1,702	(1,702)	-	-
Net change	$ (796)	$ 2,113	$ 1,317	$ 730
Balance at beginning of year	11,940	9,610	21,550	20,820
Balance at end of year	$ 11,144	$ 11,723	$ 22,867	$ 21,550

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2006
(in thousands)

	2006 Budget	2006 Actual	2005 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expense	(4,851)	1,317	730
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,366	1,603	1,787
- externally funded	3,053	2,761	2,686
- ancillary operations	4	4	4
Amortization of facilities and improvements:			
- internally funded	239	99	99
- externally funded	5,014	5,130	5,127
- ancillary operations	27	27	27
Amortized external capital contributions (Note 7)	(8,067)	(7,891)	(7,818)
- ancillary operations (Note 7)	(31)	(31)	(31)
Amortization of advances under long term care partnerships (Note 5)	83	83	82
Amortized long term care partnership contributions	(83)	(83)	(82)
Loss on disposal of capital equipment:			
- internally funded	-	-	28
- externally funded	-	-	5
Gain on disposal of investments	-	(669)	(1,041)
Transferred to deferred contributions		2,295	1,708
Changes in non-cash working capital account	(298)	1,850	5,223
Cash generated from (used) by operations	(3,034)	6,495	8,534
Investing activities:			
Purchase of investments	(20,000)	(53,086)	(52,074)
Purchase of capital assets:			
- internally funded equipment	(2,600)	(1,057)	(388)
- internally funded facilities & improvements	-	(2,758)	(318)
- externally funded equipment (Note 7)	(2,180)	(2,925)	(3,471)
- externally funded facilities & improvements (Note 7)	(7,800)	(23,690)	(5,919)
Proceeds on sale of investments	19,848	51,606	50,426
Allocations from (to) non-current cash	-	3,577	(635)
Cash used by investing activities	(12,732)	(28,333)	(12,379)
Financing activities:			
Capital contributions received	7,535	18,317	30,950
Cash generated from financing activities	7,535	18,317	30,950
Increase (decrease) in cash and investments	(8,231)	(3,521)	27,105
Cash and investments, beginning of year	24,748	50,582	23,477
Cash and investments, end of year	$ 16,517	$ 47,061	$ 50,582

ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006
(in thousands)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Athabasca Healthcare Centre
Barrhead Healthcare Centre
Boyle Healthcare Centre
Cold Lake Healthcare Centre
Dr W.R. Keir - Barrhead Continuing Care Centre
Edson Healthcare Centre
Elk Point Healthcare Centre
George McDougall - Smoky Lake Healthcare Centre
Hinton Healthcare Centre
Mayerthorpe Healthcare Centre
Radway Continuing Care Centre
Seton - Jasper Healthcare Centre
Slave Lake Healthcare Centre
Smoky Lake Continuing Care Centre
St. Therese - St. Paul Healthcare Centre
Swan Hills Healthcare Centre
Wabasca Desmarais Healthcare Centre
Westlock Healthcare Centre
Westlock Continuing Care Centre
Whitecourt Healthcare Centre
William J. Cadzow - Lac La Biche Healthcare Centre
Aspen Community Services Sites
Aspen Mental Health Sites
Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Notes 9, 18(d), 19 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 26 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

(1) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts and contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	8-20 years
Buildings	15-45 years
Building service equipment	10-20 years
Equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Trust Funds received by the Authority for Non-owned facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the statements but disclosed in Note 19.

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2006	2005
Cash	45,509	51,752
Treasury bills	337	378
Money market securities	463	450
Bonds (market value 2006 - $11,668, 2005 - $10,760)	11,675	10,618
Equities (market value 2006- $7,476, 2005 - $6,232)	5,424	5,158
Total current & non-current cash and investments	$ 63,408	$ 68,356
Classified as:		
Current	47,061	50,582
Non current	16,347	17,774
Total cash and investments	$ 63,408	$ 68,356

(i) Treasury bills mature between May 4, 2006 and June 15, 2006 and bear interest at an average of 3.70% paid annually.

(ii) Money market securities bear interest at 3.88% paid annually.

(iii) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities and of the total equity no more than 5% of the total will be in US equity securities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

(iv) Fixed-income securities, such as bonds, have an average effective yield of 4.475% per annum based on the market for securities maturing in a year, and 4.956% per annum for securities maturing between one and twenty-seven years. As at March 31, 2006, the securities have the following maturity structure:

	%
Under 1 year	14%
1 to 5 years	26%
5 to 10 years	23%
Over 10 years	37%

(v) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Note 3 Cash and Investments (continued)

Non-current cash and investments represent the following:

Externally restricted for capital acquisitions	922	2,150
Internally restricted for capital acquisitions	8,485	8,485
Unrestricted non-current investments	6,940	7,139
	$ 16,347	$ 17,774

Note 4 Capital Assets

Capital Asset	Cost Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
Land	2,532	-	65	-	2,597
Land improvements	5,674	-	11	-	5,685
Buildings	192,439	588	35	-	193,062
Building service equipment	11,913	-	-	-	11,913
Equipment	56,385	-	3,982	(183)	60,184
Construction in progress	7,239	(588)	26,337	-	32,988
	$ 276,182	$ -	$ 30,430	$ (183)	$ 306,429

Capital Asset	Accumulated Amortization Opening Balance April 1, 2005	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2006	Net Book Value 2006	Net Book Value 2005
Land	-	-	-	-	2,597	2,532
Land improvements	3,994	237	-	4,231	1,454	1,680
Buildings	92,141	4,776	-	96,917	96,145	100,298
Building service equipment	9,841	243	-	10,084	1,829	2,072
Equipment	41,902	4,368	(183)	46,087	14,097	14,483
Construction in progress	-	-	-	-	32,988	7,239
	$ 147,878	$ 9,624	$ (183)	$ 157,319	$ 149,110	$ 128,304

Capital assets were funded from the following sources:

	2006	2005
Externally funded	137,387	118,694
Internally funded	11,723	9,610
	$ 149,110	$ 128,304

Note 5 Other Assets

	2006	2005
Advances under long-term care partnership agreements	2,547	2,629
Amortized during the year	(83)	(82)
Balance, end of year	$ 2,464	$ 2,547

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Authority and private organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Authority provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the term of the agreement.

Note 6 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	4,803	3,082
Restricted other government contributions	13,514	27,383
Restricted other health authority contributions	-	440
Donations restricted for capital purposes	-	45
	18,317	30,950
Transferred (to) from:		
Unamortized external capital contributions (Note 7)	(26,615)	(9,390)
Deferred contributions (Schedule 3)	2,296	1,708
Change during the year	(6,002)	23,268
Balance, beginning of year	28,867	5,599
Balance, end of year	$ 22,865	$ 28,867

Balance at the end of the year is restricted for the following purposes:

Betterment of capital assets	5,220	4,933
New Construction	17,645	23,934
	$ 22,865	$ 28,867

Note 7 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2(a)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	118,694	117,153
Transfers from deferred capital contributions (Note 6)	26,615	9,390
Less amounts recognized as revenue:		
Amortization of external capital contributions:		
Equipment	(2,761)	(2,686)
Facilities & improvements	(5,130)	(5,127)
Ancillary operations equipment	(4)	(4)
Ancillary operations facilities & improvements	(27)	(27)
Writedown of externally funded equipment	-	(5)
	(7,922)	(7,849)
Balance, end of year	$ 137,387	$ 118,694

Note 8 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2006	2005
Unrestricted net assets	2,659	3,455
Internally restricted net assets		
Future equipment replacement	8,485	8,485
	$ 11,144	$ 11,940

Note 9 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

The Authority is committed to operating lease payments in future years as follows:

2007	178
2008	27
2009	22
2010	20
2011 and thereafter	13
	$ 260

The leases expire at various dates from 2006 to 2012.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 18(d)). The Authority has contracted for services in the year ending March 31, 2007 similar to those provided by these operators in 2006.

Note 10 Budget

	2005/06 Approved Budget (1)	Additional Funding (2)	2005/06 Reported Budget
Revenue			
Alberta Health and Wellness contributions	199,876	2,708	202,584
Other government contributions	2,837	-	2,837
Fees and charges	20,909	-	20,909
Ancillary operations, net	180	-	180
Donations	350	-	350
Investment and other income	5,970	-	5,970
Amortized external capital contributions	8,098	-	8,098
TOTAL REVENUE	238,220	2,708	240,928
Expenses			
Facility-based inpatient acute nursing services	36,167	-	36,167
Facility-based emergency and outpatient services	20,229	1,310	21,539
Facility-based continuing care services	30,834	-	30,834
Community-based care	13,909	352	14,261
Home care	13,233	-	13,233
Diagnostic and therapeutic services	46,658	-	46,658
Promotion, prevention and protection services	10,788	-	10,788
Administration	9,397	146	9,543
Information technology	3,959	-	3,959
Support services	52,644	900	53,544
Amortization of facilities and improvements	5,253	-	5,253
TOTAL EXPENSES	243,071	2,708	245,779
Deficiency of revenue over expense	$ (4,851)	$ -	$ (4,851)

(1) The budget was approved by the Board of the Authority on April 28, 2005 and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

Note 11 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions	194,570	183,332
Transfers from deferred contributions (Schedule 3)	7,383	6,340
AH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	631	644
	$ 202,584	$ 190,316

Note 12 Other Government Contributions

	2006	2005
Alberta Government		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	737	817
Transfers from deferred contributions (Schedule 3)	1,164	988
Fair value to use non-owned acute care facilities	531	531
Other Alberta Government	21	21
	$ 2,453	$ 2,357

Note 13 Fees and charges

	Inpatient/Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care						
Out-of-province	1,816	1,393	2,575	1,817	4,391	3,210
Out-of-country base amount	85	81	118	108	203	189
Out-of-country surcharge	118	88	162	130	280	218
WCB standard charges	425	346	2,355	2,139	2,780	2,485
Federal	108	115	483	355	591	470
Uninsured medical services	16	70	222	181	238	251
Preferred accomodation	10	10	-	-	10	10
Continuing care semi-private	318	323	-	-	318	323
	2,896	2,426	5,915	4,730	8,811	7,156
Continuing Care						
Continuing care standard ward	119	205	-	-	119	205
Continuing care semi-private	7,269	7,433	-	-	7,269	7,433
Continuing care private	5,647	5,583	-	-	5,647	5,583
Day program	54	63	-	-	54	63
Out of province	55	2	-	-	55	2
WCB standard charges	63	58	-	-	63	58
Uninsured medical services	53	53	-	-	53	53
	13,260	13,397	-	-	13,260	13,397
Home care fees						
Other	-	-	6	3	6	3
	-	-	6	3	6	3
	$ 16,156	$ 15,823	$ 5,921	$ 4,733	$ 22,077	$ 20,556

Note 14 Ancillary Operations

	2006			2005
	Non-patient Food Services	Rental Operations	Total	Total
Revenue				
Revenue	955	427	1,382	1,328
Amortized deferred capital contributions	26	5	31	31
	981	432	1,413	1,359
Expenses				
Other expenses	909	182	1,091	1,025
Amortization	26	5	31	31
	935	187	1,122	1,056
Excess of revenue over expense	$ 46	$ 245	$ 291	$ 303

Note 15 **Investment and other income**

	2006	2005
Investment income	1,916	2,058
Other income	4,462	4,383
	$ 6,378	$ 6,441

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains (losses) on disposal of investments.

Other income comprises recoveries from sources external to the Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 16 **Administration**

	2006	2005
General administration	3,815	3,324
Finance	1,222	1,191
Payroll	860	867
Human Resources	1,997	1,840
Administration - contract operators (Schedule 4)	1,619	1,557
	$ 9,513	$ 8,779

Note 17 **Support services**

	2006	2005
Building maintenance, operations and security	13,337	13,220
Communications	1,479	1,611
Education	876	628
Housekeeping	5,003	5,136
Laundry and Linen	2,365	2,291
Materials management	2,467	2,389
Patient food services	8,174	8,148
Patient health records	3,344	3,280
Patient registration	2,443	2,302
Patient transportation	5,262	5,020
Support services - contract operators (Schedule 4)	8,195	7,844
	$ 52,945	$ 51,869

Note 18 **Related Parties**

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

(i) The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(ii) The Authority has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system. The other partners to the agreement are:

Chinook Regional Health Authority	Palliser Health Region
David Thompson Regional Health Authority	East Central Health
Peace Country Health	Northern Lights Health Region

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from the Authority for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by the Authority and its partners.

Note 18 **Related Parties (continued)**

(b) Health Authorities (continued)

Costs of **RSHIP** have been accounted for using the proportionate consolidation method. Summarized financial information of the proportionate share of the assets and liabilities and net assets of the joint venture is as follows:

	2006	2005
Cash and investments	(2,782)	(350)
Accounts receivable	1,715	-
Prepaid expenses	114	77
Capital assets	6,909	2,124
Total assets	5,956	1,851
Deferred contributions	-	77
Unamortized external capital contributions	5,956	1,774
Accumulated surplus	(953)	(350)
Investment in capital assets	953	350
Total liabilities and net assets	5,956	1,851

(c) Foundations

The Authority has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	49	2	0	110
Hinton Health Care Foundation	114	167	43	44
Jasper Health Care Foundation	15	3	163	0
	$ 178	$ 172	$ 206	$ 154

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

Note 18 **Related Parties (continued)**

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 19 **Trust Funds**

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the statements. During the year the Authority received $1,996 (2005 $0) and disbursed $304 (2005 $0) for capital and facility repairs for non-owned facilities. The balance held by the Authority is $1,692 (2005 $0).

Note 20 **Pension Costs**

The Authority participates in the Local Authorities Pension Plans, which are multi-employer defined benefit plans. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $6,819 for the year ended March 31, 2006 (2005 $5,946).

At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficit of $863,558 (2004 $1,288,924).

Note 21 **Comparative Figures**

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 22 **Approval of Financial Statements**

These financial statements have been approved by the Authority

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2006

(in thousands)

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	149,491	141,941	135,902
Contracts with health service operators (Schedule 4)	32,219	31,847	29,164
Drugs and gases	3,764	3,879	3,626
Medical and surgical supplies	4,041	4,454	3,761
Other contracted services	12,682	14,028	11,947
Other *	34,525	36,099	34,374
Amortization:			
Capital equipment - internally funded	1,866	1,603	1,787
Capital equipment - externally funded	3,057	2,765	2,690
Facilities and improvements - internally funded	239	99	99
Facilities and improvements - externally funded	5,041	5,157	5,154
Net (gain)/loss on disposal	-	(39)	(19)
	246,925	241,833	228,485
Less amounts reported in ancillary operations (Note 14)	(1,146)	(1,122)	(1,056)
	$ 245,779	$ 240,711	$ 227,429

	Budget	2006	2005
* Other			
Utilities	5,046	5,193	5,164
Patient travel	5,050	5,156	4,886
Food	2,525	2,610	2,464
Minor equipment	1,350	2,002	1,943
Equipment maintenance - external	1,981	2,330	1,814
Lab supplies	1,726	1,900	1,674
Other fees	1,094	967	1,518
Renovations	1,915	1,290	1,363
Staff travel	1,321	1,513	1,360
Rental/lease of equipment	1,368	1,490	1,294
Building/gound maintenance - external	876	1,109	1,018
Self managed care fees	1,348	1,084	985
Rental/lease of land/building	1,054	1,038	1,064
Miscellaneous	7,871	8,417	7,827
	$ 34,525	$ 36,099	$ 34,374

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

(in thousands)

	2006							2005			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries Honoraria, Benefits (2&3)	Severance	Total
Authority/Board Compensation											
RHA Chairperson - Robert Jackson	1.00	34	-	34	-	-	34	1.00	22	-	22
RHA Vice Chairperson - Gary Pollock	1.00	9	-	9	-	-	9	1.00	6	-	6
Allan Buck	1.00	6	-	6	-	-	6	1.00	6	-	6
Hazel Hart	1.00	4	-	4	-	-	4	1.00	8	-	8
Ernie Halun	1.00	6	-	6	-	-	6	1.00	5	-	5
Ernie Isley	1.00	11	-	11	-	-	11	1.00	8	-	8
Dale Johnson	1.00	11	-	11	-	-	11	1.00	7	-	7
Judy Kidd	1.00	8	-	8	-	-	8	1.00	5	-	5
Shirley Mahon	1.00	8	-	8	-	-	8	1.00	5	-	5
Ellen McGladdery	1.00	7	-	7	-	-	7	1.00	5	-	5
Andrew Orr	1.00	6	-	6	-	-	6	1.00	6	-	6
John Pilipchuk	1.00	8	-	8	-	-	8	1.00	7	-	7
Gary Ruecker	1.00	2	-	2	-	-	2	1.00	2	-	2
Floyd Thompson	1.00	11	-	11	-	-	11	1.00	9	-	9
Marian Wolitski	1.00	11	-	11	-	-	11	1.00	7	-	7
Sub-total	15.00	142	-	142	-	-	142	15.00	108	-	108
Staff											
President & Chief Executive Officer	0.89	257	46	303	-	-	303	1.00	285	-	285
Management person(s) reporting to the President & CEO:											
Vice Presidents	3.99	586	104	690	-	-	690	3.99	643	-	643
Other management person(s) reporting directly to those above	21.24	1,901	394	2,295	-	-	2,295	21.31	2,121	(120)	2,001
Other management	43.14	3,727	822	4,549	2.00	143	4,692	40.66	4,094	43	4,137
Regulated nurses not included above											
- RNs, Reg. Psych. Nurses, Grad nurses	517.32	40,193	7,558	47,751	1.63	43	47,794	508.94	45,953	-	45,953
- LPNs	199.46	8,096	1,486	9,582	-	-	9,582	197.87	9,548	-	9,548
Other health technical and professionals	346.57	23,528	4,447	27,975	-	-	27,975	343.86	27,075	-	27,075
Unregulated health service providers	340.40	10,425	1,901	12,326	-	-	12,326	336.00	12,120	-	12,120
Other staff	859.28	29,928	6,205	36,133	1.73	9	36,142	839.73	34,074	(42)	34,032
Sub-total	2,332.29	118,641	22,963	141,604	5.36	195	141,799	2,293.36	135,913	(119)	135,794
Grand Total	2,347.29	$ 118,783	$ 22,963	$ 141,746	5.36	$ 195	$ 141,941	2,308.36	$ 136,021	$ (119)	$ 135,902

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006

1. Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 3,795 (2005 3,729).

2. Salaries include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation and other remuneration.

3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

Schedule 3

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR YEAR ENDED MARCH 31, 2006

(in thousands)

		Amounts received or receivable				Amounts recognized as revenue				Transfers		
	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Between Projects Regions	To Deferred Capital Contributions	Closing Balance March 31, 2006
Alberta Health and Wellness:												
Innovation fund - Aspen alzheimer cottage	628	-	-	-	-	(226)	-	-	-	-	-	402
Telehealth - clinical and other projects	4	100	-	-	-	-	-	-	-	-	-	104
Children's health initiative	-	125	-	-	-	(125)	-	-	-	-	-	-
Early childhood development	391	562	-	-	-	(701)	-	-	-	-	-	252
Telehealth - operating	-	40	-	-	-	(40)	-	-	-	-	-	-
Rural on call program	11	2,484	-	-	-	(2,495)	-	-	-	-	-	-
Specialist on call program	1,469	2,669	-	-	-	(3,035)	-	-	-	-	-	1,103
Vaccine administration	-	424	-	-	-	(424)	-	-	-	-	-	-
Smallpox planning preparedness	-	9	-	-	-	(8)	-	-	-	-	-	1
Security of systems	275	251	-	-	-	-	-	-	-	-	-	526
Innovation fund - primary care diabetes	271	175	-	-	-	(153)	-	-	-	(40)	-	253
Chipewyan Lake CHR education project	35	-	-	-	-	-	-	-	-	-	-	35
Chipewyan Lake CHR project	100	50	-	-	-	-	-	-	-	-	-	150
Regional shared health information program	349	1,206	-	-	-	-	-	-	-	-	(1,272)	283
Primary care initiative	100	-	-	-	-	(34)	-	-	-	-	-	66
Transfer of governance of ground ambulance	267	-	-	-	-	(107)	-	-	-	-	-	160
Wabasca prenatal nutrition program	31	31	-	-	-	(30)	-	-	-	-	-	32
Trout/Peerless home visitation	-	43	-	-	-	-	-	-	-	-	-	43
Enhanced surveillance	-	250	-	-	-	(5)	-	-	-	-	-	245
Mental Health Innovation	-	910	-	-	-	-	-	-	-	-	-	910
Safe Lifting for Residents	-	440	-	-	-	-	-	-	-	-	-	440
InterRAI Tools for Assessment	-	176	-	-	-	-	-	-	-	-	-	176
Other contributors:												
Alberta Infrastructure upgrade projects	3,994	-	1,856	-	-	-	(1,081)	-	-	-	20	4,789
Restricted - long term care partnerships	2,547	-	-	-	-	-	(83)	-	-	-	-	2,464
Cervical screening project	-	-	-	-	55	-	-	-	(55)	-	-	-
Alzheimer and dementia project	17	-	-	-	-	-	-	-	(17)	-	-	-
Stroke Strategy	-	-	-	-	612	-	-	-	(1)	-	-	611
Restricted - donations	1,231	-	-	1,009	8	-	-	(354)	-	-	(1,044)	850
Long term care fees received in advance	101	-	-	-	81	-	-	-	(101)	-	-	81
Total 2005/06	$11,821	$ 9,945	$ 1,856	$ 1,009	$ 756	$(7,383)	$(1,164)	$ (354)	$ (174)	$ (40)	$(2,296)	$13,976

Schedule 3 (continued)

Unspent amounts at year end are as follows:

	2006	2005
Current:		
Innovation fund - Aspen alzheimer cottage	402	628
Telehealth - clinical and other projects	104	4
Early childhood development	252	391
Rural on call program	-	11
Specialist on call program	1,103	1,469
Smallpox planning & preparedness	1	-
Security of systems	526	275
Innovation fund - primary care diabetes	253	271
Chipewyan Lake CHR education project	35	35
Chipewyan Lake CHR project	150	100
Regional shared health information program	283	349
Primary care initiative	66	100
Transfer of governance of ground ambulance	160	267
Wabasca prenatal nutrition program	32	31
Trout/Peerless Lake home visition	43	-
Enhanced surveillance	245	-
Mental health innovation	910	-
Safe lifting devices for residents	440	-
InterRAI tools for assessment	176	-
Alberta Infrastructure upgrade projects	4,789	3,994
Alzheimer and dementia project	-	17
Stroke Strategy	611	-
Restricted - donations	850	1,231
Long term care fees received in advance	81	101
	11,512	9,274
Non-current:		
Restricted - long term care partnerships	2,464	2,547
Total	$ 13,976	$ 11,821

Schedule 4

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2006

(in thousands)

Facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost Adjust-ments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community-based services	Diagnostic and therapeutic services	Promotion, prevention and protection services	Admin-istration	Support Services	Total Expenditures
A. Voluntary														
Bonnyville Healthcare Centre	12,622	-	1,135	531	14,288	2,636	2,533	1,104	-	4,106	-	280	3,629	14,288
B. Private														
Extendicare Athabasca	1,954	149	800	-	2,903	-	-	1,435	-	211	-	317	940	2,903
Extendicare Bonnyville	1,770	171	826	-	2,767	-	-	1,360	-	192	-	253	962	2,767
Extendicare Mayerthorpe	1,959	151	776	-	2,886	-	-	1,496	-	190	-	275	925	2,886
Extendicare St. Paul	3,085	160	1,215	-	4,460	-	-	2,465	-	333	-	363	1,299	4,460
Good Samaritan Hinton	1,018	-	429	83	1,530	-	-	-	915	44	-	131	440	1,530
Vilna Villa	226	-	-	-	226	-	-	-	226	-	-	-	-	226
Other Mental Health Agencies	989	-	-	-	989	-	-	-	989	-	-	-	-	989
Other Public Health Agencies	26	-	-	-	26	-	-	-	-	-	26	-	-	26
Other Private Diagnostic Clinics	11	-	-	-	11	-	-	-	-	11	-	-	-	11
C. Other														
Capital Health Authority	1,754	-	-	-	1,754	-	-	-	-	1,754	-	-	-	1,754
Other Health Authorities	7	-	-	-	7	-	-	-	-	7	-	-	-	7
Total 2005/06	$25,421	$ 631	$ 5,181	$ 614	$31,847	$ 2,636	$ 2,533	$ 7,860	$ 2,130	$ 6,848	$ 26	$ 1,619	$ 8,195	$ 31,847
Total 2004/05	$22,877	$ 643	$ 5,031	$ 613	$29,164	$ 2,139	$ 1,667	$ 8,338	$ 886	$ 6,733	$ -	$ 1,557	$ 7,844	$ 29,164

Note: Total Revenue must equal Total Expenditures

Note: Full cost adjustments are required to reflect the full cost of services in situations where a health authority does not pay full cost. Reference: Note 2(b).

Peace
#8

Peace Country Health

Consolidated Financial Statements
March 31, 2006

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PEACE COUNTRY HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Authority. The consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising of written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the consolidated financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the consolidated financial statements to the Peace Country Health Board of Governors for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Dalton M. Russell
President and
Chief Executive Officer

Shawn Terlson
Chief Financial and
Information Office

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of Peace Country Health (the Authority) as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
June 6, 2006

Peace Country Health

Consolidated Statement of Financial Position

March 31, 2006

(in thousands of dollars)

	2006 $	2005 $
Assets		
Current assets		
Cash (note 4)	22,639	20,620
Accounts receivable	4,618	4,569
Contributions receivable from Alberta Health and Wellness	4,214	8,159
Inventories	1,007	1,082
Prepaid expenses	930	1,525
	33,408	35,955
Non-current cash (note 4)	6,997	5,347
Non-current receivables (note 5)	3,419	4,768
Capital assets (note 6)	193,853	183,780
	237,677	229,850
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	21,805	18,325
Accrued vacation pay	9,893	8,654
Deferred contributions (schedule 3)	4,668	7,650
Current portion of long-term debt (note 8)	345	34
	36,711	34,663
Deferred capital contributions (note 7)	7,314	9,696
Long-term debt (note 8)	5,794	102
Unamortized external capital contributions (note 9)	179,170	174,480
	228,989	218,941
Net assets		
Accumulated (deficit) surplus	(1,992)	1,745
Investment in capital assets from internally funded sources	10,680	9,164
	8,688	10,909
	237,677	229,850

The accompanying notes and schedules are part of these consolidated financial statements.

Peace Country Health

Consolidated Statement of Operations

For the year ended March 31, 2006

(in thousands of dollars)

	2006		2005
	Budget $ (Note 11)	Actual $	Actual $
Revenues			
Alberta Health and Wellness contributions (note 12)	192,785	191,688	183,840
Other government contributions (note 13)	1,270	1,409	1,740
Fees and charges (note 14)	19,222	18,963	16,309
Ancillary operations – net (note 15)	1,012	836	998
Donations	276	465	380
Investment and other income (note 16)	4,238	5,877	5,487
Amortization of external capital contributions (note 9)	10,000	9,842	9,910
	228,803	229,080	218,664
Expenses (schedule 1)			
Facility-based inpatient acute nursing services	49,392	49,469	46,832
Facility-based emergency and outpatient services	16,668	17,575	15,502
Facility based continuing care services	20,490	19,662	18,895
Ambulance services	11,618	11,484	3,818
Community-based care	6,663	6,853	5,737
Home care	13,121	13,074	11,395
Diagnostic and therapeutic services	38,610	40,785	37,291
Promotion, prevention and protection services	10,434	10,295	9,382
Research and education	-	25	45
Administration (note 17)	10,387	10,893	10,716
Information technology	4,325	4,307	3,595
Support services (note 18)	40,095	39,985	38,949
Amortization of facilities and improvements	7,000	6,894	6,946
	228,803	231,301	209,103
(Deficiency) excess of revenues over expenses (note 23)	-	(2,221)	9,561

The accompanying notes and schedules are part of these consolidated financial statements.

Peace Country Health

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2006

(in thousands of dollars)

			2006	2005
	Accumulated surplus (deficit) $	**Investment in capital assets from internally funded sources $**	**Total $**	**Total $**
Balance – Beginning of year	1,745	9,164	10,909	1,348
(Deficiency) excess of revenues over expenses	(2,221)		(2,221)	9,561
Capital assets purchased with internal funds	(2,622)	2,622	-	-
Amortization of internally funded capital assets	1,143	(1,143)	-	-
Repayment of long-term debt used to fund capital assets	(46)	46	-	-
Disposal of internally funded capital assets	9	(9)	-	-
Balance – End of year	(1,992)	10,680	8,688	10,909

The accompanying notes and schedules are part of these consolidated financial statements

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Peace Country Health

Consolidated Statement of Cash Flows

For the year ended March 31, 2006

(in thousands of dollars)

	2006	2006	2005
	Budget $	**Actual $**	**Actual $**
Cash provided by (used in)			
Operating activities			
(Deficiency) excess of revenues over expenses	-	(2,221)	9,561
Items not affecting cash			
Amortization of internally funded equipment	1,250	963	1,212
Amortization of externally funded equipment	3,150	3,113	3,074
Amortization of internally funded facilities and improvements	150	180	162
Amortization of externally funded facilities and improvements	6,850	6,729	6,784
Amortization of external capital contributions	(10,000)	(9,842)	(9,910)
Gain on disposal of capital assets – equipment	-	(30)	(150)
Gain on disposal of capital assets – facilities and improvements	-	(15)	-
	1,400	(1,123)	10,733
Net change in non-cash working capital items	(2,533)	6,303	3,487
Cash generated from (used by) operations	(1,133)	5,180	14,220
Investing activities			
Purchase of capital assets			
Internally funded equipment	-	(2,521)	(593)
Externally funded equipment	(2,802)	(5,738)	(2,913)
Internally funded facilities and improvements	-	(101)	(150)
Externally funded facilities and improvements	(11,132)	(7,312)	(1,972)
Funded by long-term debt	-	(1,464)	-
Proceeds on sale of capital assets	-	54	202
Change in non-current cash	3,767	(1,650)	729
Cash used by investing activities	(10,167)	(18,732)	(4,697)
Financing activities			
Capital contributions received (note 7)	6,361	10,792	9,501
Change in non-current receivables	4,720	1,349	(3,034)
Capital contributions transferred from deferred contributions (note 7)	-	489	97
Capital contributions transferred to operations (note 7)	(495)	(522)	(390)
Proceeds from long-term debt	-	3,600	-
Principal payment of long-term debt	(32)	(137)	(32)
Cash generated from financing activities	10,554	15,571	6,142
Increase (decrease) in cash	(746)	2,019	15,665
Cash – Beginning of year	20,620	20,620	4,955
Cash – End of year	19,874	22,639	20,620

The accompanying notes and schedules are part of these consolidated financial statements

1 Authority, purpose and operations

Peace Country Health (the "Authority"), formerly Mistahia Regional Health Authority, was established on June 24, 1994, under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache Community Health Complex
- Grimshaw/Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Gift Lake, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River and Valleyview

2 Significant accounting policies and reporting practices

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and the reporting requirements of Financial Directive 26 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these consolidated financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below.

a) Basis of presentation

These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see note 19). The entities consolidated are Grande Prairie Emergency Medical Services and Smoky River Ambulance Service Society.

In addition, the Authority participates in the Regional Shared Health Information Program ("RSHIP"), a special purpose, limited liability, not-for-profit company incorporated under the laws of Alberta. The purpose of RSHIP is to provide and manage a shared information systems infrastructure for the participating Health Authorities. The Authority accounts for its 14.2% interest in RSHIP on a proportionate consolidation basis.

These consolidated financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in schedule 4.

b) Revenue recognition

These consolidated financial statements use the deferral method, the key elements of which are:

i) Unrestricted contributions are recognized as revenue in the year receivable.

ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year in which related expenses are incurred.

iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested, or externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

v) Unrestricted investment income is recognized in the year it is earned.

vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

c) Full cost

The Authority records the fair value of services for which it is responsible. Such fair value transactions include the following:

i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

v) Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these consolidated financial statements because fair value cannot be reasonably determined.

d) Employee future benefits

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these consolidated financial statements comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority participates in a retiring allowance plan for a select group of employees. Benefits are based on 2.00% of the member's highest average earnings over a 60 consecutive month period less the average of the maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the last 60 consecutive month period multiplied by the member's credited service under the retiring allowance plan. The plan is unfunded. The Authority accrues its obligation for the retiring allowance plan as the employee renders the service necessary to earn benefits.

e) Inventories

Inventories are valued at the lower of cost, as calculated on a moving average, or net realizable value.

f) Capital assets

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 – 25 years
Buildings	20 – 40 years
Major equipment	5 – 15 years

Capital projects in progress (work-in-progress) are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets are accounted for as acquisitions of capital assets financed by long-term obligations.

g) Measurement uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from these estimates.

h) Fair value of financial instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities, accrued vacation pay, and deferred contributions on the consolidated statement of financial position approximate fair value because of the short-term maturity of these instruments.

The Authority has certain receivables that are not due within one year. Management has reviewed these items, which are included in Non-current receivables (note 5), by reference to their terms and determined that their fair value is not materially different than their carrying value.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market values.

i) Trust funds received by the Authority for non-owned facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the statements but disclosed in note 20.

3 Transfer of ambulance services

On April 1, 2005, the governance and funding of ambulance services within the Authority's boundaries was transferred from the municipalities to the Authority. During the fiscal year, the operations of six entities were incorporated into the operations of the Authority as summarized below.

The net assets and liabilities acquired were as follows:

	Current assets $	Long-term assets $	Current liabilities $	Long-term liabilities $	Unamortized external capital contributions $	Purchase price $
					(in thousands of dollars)	
Grande Prairie Emergency Medical Services	704	3,784	(704)	(2,540)	(1,244)	-
Other Emergency Medical Services	71	199	-	-	(147)	123
	775	3,983	(704)	(2,540)	(1,391)	123

The Authority acquired certain land, buildings and equipment as part of the transfer of the ambulance services. On the basis that these assets are specific to the operations of the ambulance services, management has determined that these assets are not readily marketable and the fair value cannot be reasonably determined. Accordingly, these assets have been recorded at the transaction costs.

Fairview and District Ambulance Service

During the year, select assets of the Fairview and District Ambulance Service were purchased for $1.

Fox Creek Emergency Medical Services

During the year, select assets of the Fox Creek Emergency Medical Services were purchased for $122,656.

Grande Prairie Emergency Medical Services

Effective April 1, 2005, the outstanding shares of Grande Prairie Emergency Medical Services were purchased for $13.

Peace River Emergency Medical Services

Effective April 1, 2005, select assets of the Peace River Emergency Medical Services were purchased for $1.

Smoky River Ambulance Service Society

Effective April 1, 2005, the Authority became a member of the Smoky River Ambulance Service Society and effective April 1, 2005 became the sole member of the Society.

Town of Grande Cache

During the year, select assets of the Town of Grande Cache were purchased for $1.

4 Cash

	2006 $	2005 $
	(in thousands of dollars)	
Cash	29,636	25,967
Classified as:		
Current	22,639	20,620
Non-current	6,997	5,347
	29,636	25,967

Current cash represents amounts held for working capital purposes. Non-current cash represents amounts externally restricted for capital acquisitions.

5 Non-current receivables

	2006 $	2005 $
	(in thousands of dollars)	
Alberta Health and Wellness	2,342	-
Alberta Infrastructure	924	4,189
Non-current portion of receivables from physicians and staff	68	419
Foundations	85	112
Other Regional Health Authorities	-	48
	3.419	4.768

The amounts due from Alberta Health and Wellness, Alberta Infrastructure, and Foundations are for capital acquisitions.

The amount due from physicians and certain staff is the non-current portion of non-interest bearing loans granted to certain physicians to establish medical practices. The current portion of $363,812 (2005 – $739,342) is reported in accounts receivable.

6 Capital assets

	Cost					
	Opening balance – April 1, 2005 $	Transfer from work-in-progress $	Transfer of ambulance services $	Additions $	Disposals $	Closing balance – March 31, 2006 $
					(in thousands of dollars)	
Land	2,038	-	14	-	-	2,052
Land improvements	8,719	268	-	103	-	9,090
Buildings	254,147	2.246	2,568	527	256	259,232
Major equipment	67,073	675	1,401	3,418	223	72,344
Work-in-progress	3.694	(3.189)	-	13,036	-	13,541
	335,671	-	3,983	17,084	479	356,259

	Accumulated amortization			
	Opening balance – April 1, 2005 $	Current year amortization $	Amortization on disposals $	Closing balance – March 31, 2006 $
			(in thousands of dollars)	
Land	-	-	-	-
Land improvements	7,630	175	-	7,805
Buildings	93,965	6,734	256	100,443
Major equipment	50,296	4,076	214	54,158
Work-in-progress	-	-	-	-
	151,891	10,985	470	162,406

	Net book value	
	2006 $	2005 $
	(in thousands of dollars)	
Land	2,052	2,038
Land improvements	1,285	1,089
Buildings	158,789	160,182
Major equipment	18,186	16,777
Work-in-progress	13,541	3,694
	193,853	183,780

Capital assets have been funded from the following sources:

	2006 $	2005 $
	(in thousands of dollars)	
Externally funded – unamortized external capital contributions (note 9)	179,170	174,480
Internally funded – investment in capital assets	10,680	9,164
Financed by debt	4,003	136
	193,853	183,780

During the year, the Authority purchased capital assets with a cost of $26,747 (2005 – $167,997) through capital leases. As these were non-cash transactions, they have not been reflected in the statement of cash flows.

7 Deferred capital contribution

Deferred capital contributions represent amounts accounted for in accordance with accounting policies described in note 2(b).

	2006 $	2005 $
	(in thousands of dollars)	
Amounts received		
Restricted Alberta Health and Wellness contributions	5,504	1,957
Restricted Alberta Infrastructure contributions	4,049	7,002
Donations restricted for capital purposes	906	530
Other sources	333	12
	10,792	9,501
Transferred from (to)		
Unamortized external capital contributions (note 9)	(13,141)	(6,255)
Statement of operations – other government contributions (note 13)	(522)	(390)
Deferred contributions (schedule 3)	489	97
	(13,174)	(6,548)
Change during the year	(2,382)	2,953
Balance – Beginning of year	9,696	6,743
Balance – End of year	7,314	9,696
Balance at the end of year is restricted for the following purposes		
Equipment replacement	2,048	1,169
Improvement of capital assets	2,387	3,475
New construction	2,879	5,052
	7,314	9,696

8 Long-term debt

	2006 $	2005 $
	(in thousands of dollars)	
Debenture	3,600	-
Mortgages payable	2,422	-
Obligations under capital leases	117	136
	6,139	136
Less: Current portion	345	34
Non-current portion	5,794	102

Future payments for the year ended March 31:

	Debenture $	Mortgages payable $	Obligations under capital lease $	Total $
			(in thousands of dollars)	
2007	172	124	49	345
2008	179	132	33	344
2009	188	127	33	348
2010	196	97	2	295
2011	205	103		308
2012 and thereafter	2,660	1,839		4,499
	3,600	2,422	117	6,139

The debenture matures in 2021, has an annual rate of 4.6% and is repayable in blended semi-annual payments of $167,446.

The terms of the mortgages payable are as follows:

> Mortgage 1 is secured by a demand promissory note in the amount of $2,163,872, real property with a carrying value of $1,823,148, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of $15,481, including interest at a rate of 5.97%, and matures February, 2008.

Mortgage 2 is secured by a demand promissory note in the amount of $350,000, real property with carrying value of $542,266, assignment of insurance on the property and a general security agreement. It is repayable in blended monthly payments of $2,487, including interest at a rate of 5.90%, and matures December, 2008.

Mortgage 3 is secured by a demand promissory note in the amount of $215,000, by assignment of fire and extended insurance, and a general security agreement covering specific serial numbered goods and specific equipment. It is repayable in blended monthly payments of $4,178, including interest at a rate of 6.22% and matures December, 2008.

Capital leases expire on various dates to 2010. The implicit interest rates payable on these leases are 8.11% to 21.64%.

9 Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policies described in note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2006 $	2005 $
	(in thousands of dollars)	
Balance – Beginning of year	174,480	178,135
Transfer of ambulance services to the Authority (note 3)	1,391	-
Add: Amounts transferred from deferred capital contributions (note 7)	13,141	6,255
	189,012	184,390
Less: Amounts recognized as revenue		
Amortization of external capital contributions – equipment	(3,113)	(3,126)
Amortization of external capital contributions – facilities and improvements	(6,729)	(6,784)
Balance – End of year	179,170	174,480

10 Contingencies and Commitments

Commitments

a) Contracts

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years.

	Equipment maintenance contracts $	Healthcare services contracts $	Operating leases $	Total $
			(in thousands of dollars)	
2007	4,785	1,327	8,814	14,926
2008	797	632	1,801	3,230
2009	423	245	1,004	1,672
2010	74	77	191	342
2011	64	86	129	279
	6,143	2,367	11,939	20,449

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 6.74 cents per kilowatt-hour. The agreement expires December 31, 2008.

b) Capital Projects

The Authority has committed to completing four major capital projections over the next few years. The total future commitment is $2,891,000 as summarized below:

Project	Total approved amounts $	Costs incurred to date $	Future costs $
		(in thousands of dollars)	
Grimshaw/Berwyn renovations to convert to Continuing Care	4,880	3,131	1,749
Grande Cache renovations to convert to Continuing Care	625	612	13
High Prairie Health Complex and program study	435	322	113
Mental Health Renovations	2,500	1,484	1,016
	8,440	5,549	2,891

Contingencies

The Authority has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Local Authorities Pension Plan ("LAPP"). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1.25 billion. The outcome of the claim is not determinable and no liability is recorded at the time.

The Authority has a contingent liability in respect of a claim concerning increased long-term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable and no liability is recorded at this time.

11 Budget

	Approved budget[1] $	Additional approved budget[2] $	Budget reallocation[3] $	Reported budget $
				(in thousands of dollars)
Revenues				
Alberta Health and Wellness contributions	194,709	1,217	(3,141)	192,785
Other government contributions	1,340	-	(70)	1,270
Fees and charges	19,222	-	-	19,222
Ancillary operations – net	1,039	-	(27)	1,012
Donations	276	-	-	276
Investment and other income	4,238	-	-	4,238
Amortization of external capital contributions	10,000	-	-	10,000
	230,824	1,217	(3,238)	228,803

	Approved budget[1] $	Additional approved budget[2] $	Budget reallocation[3] $	Reported budget $
				(in thousands of dollars)
Expenses				
Facility-based inpatient acute nursing care services	51,429	-	(2,037)	49,392
Facility-based emergency and outpatient services	16,551	16	101	16,668
Facility-based continuing care services	20,376	375	(261)	20,490
Ambulance services	11,584	-	34	11,618
Community-based care	6,978	-	(315)	6,663
Home care	12,849	-	272	13,121
Diagnostic and therapeutic services	38,349	-	261	38,610
Promotion, prevention and protection services	9,506	582	346	10,434
Research and education	-	-	-	-
Administration	10,653	-	(266)	10,387
Information technology	4,765	244	(684)	4,325
Support services	40,784	-	(689)	40,095
Amortization of facilities and improvements	7,000	-	-	7,000
	230,824	1,217	(3,238)	228,803
Excess of revenue over expenses	-	-	-	-

[1] The budget was approved by the Authority's Board of Governors on May 2, 2005, and submitted to the Minister of Health and Wellness for approval.

(2)Over the course of the fiscal year, the Minister provided additional operational funding as follows:

Additional funding added to the budget:

	\$ (in thousands of dollars)
Immunization administration costs	332
Immunization surveillance	250
Security of systems	244
Continuing care	375
Supplemental rural on-call	16
	1,217

Additional funding not added to the budget:

	\$ (in thousands of dollars)
Mental Health innovation funds	1,440
Telehealth clinical funding	601
Supplemental specialist on-call	751
	2,792

The additional funding not added to the budget will be deferred and recognized in 2006/07.

(3)The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

In addition, the business plan included the Authority's expectation on funding from Alberta Health and Wellness for Mental Health Services. These funding expectations did not materialize in the amount and timing as originally budgeted. The expected funding and related expenditures were subsequently removed from the budget.

Finally, the funding for RSHIP was incorrectly reported as operational funding in the business plan. The funding and related expenditures were subsequently removed from the operating budget.

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12 Alberta Health and Wellness contribution

	2006 \$	2005 \$
	(in thousands of dollars)	
Unrestricted contributions	180,515	178,059
Transfers from deferred contributions (schedule 3)	11,173	5,781
	191,688	183,840

13 Other government contributions

	2006 \$	2005 \$
	(in thousands of dollars)	
Fair value of rent for non-acute care used by the Authority (Alberta Infrastructure)	579	807
Infrastructure maintenance program (Alberta Infrastructure) (note 7)	522	390
Francophone project (Federal government)	120	105
AADAC (Provincial government)	76	79
Alberta Cancer Board (Provincial government)	54	39
Alberta Mental Health Board (Provincial government)	-	270
Other Provincial government	40	37
Municipal governments	18	-
Other	-	13
	1,409	1,740

14 Fees and charges

	Inpatient/resident		Outpatient		Total	
	2006 $	**2005 $**	**2006 $**	**2005 $**	**2006 $**	**2005 $**
					(in thousands of dollars)	
Acute care						
Out-of province	3,409	3,789	2,538	1,838	5,947	5,627
Out-of-country base amounts	133	1	60	20	193	21
Out-of-country surcharges	-	47	-	25	-	72
WCB standard charges	810	714	1,981	1,740	2,791	2,454
Federal	149	22	110	115	259	137
Uninsured medial services	5	2	23	15	28	17
Self insured individuals	7	28	77	-	84	28
Preferred accommodation	129	134	-	-	129	134
Continuing care standard ward	125	56	-	-	125	56
Continuing care semi-private	7	8	-	-	7	8
	4,774	4,801	4,789	3,753	9,563	8,554
Continuing care						
Continuing care standard ward	44	91	-	-	44	91
Continuing care semi-private	4,207	4,076	-	-	4,207	4,076
Continuing care private	2,749	2,887	-	-	2,749	2,887
WCB standard charges	70	60	-	-	70	60
	7,070	7,114	-	-	7,070	7,114
Ambulance services	2,330	641	-	-	2,330	641
	14,174	12,556	4,789	3,753	18,963	16,309

15 Ancillary operations

	2006			2005
	Parking operations $	**Rental/other operations $**	**Total $**	**Total $**
			(in thousands of dollars)	
Revenues	570	521	1,091	1,214
Expenses	66	189	255	216
Excess of revenues over expenses	504	332	836	998

16 Investment and other income

	2006 $	**2005 $**
	(in thousands of dollars)	
Unrestricted investment income	337	438
Other income	5,518	4,987
Transfers from deferred contributions (schedule 3)	22	62
	5,877	5,487

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

17 Administration

	2006 $	**2005 $**
	(in thousands of dollars)	
General administration	5,342	4,769
Financial services	2,432	2,545
Human resources	2,545	2,892
Administration attributed to private sector operators (schedule 4)	574	510
	10,893	10,716

18 Support services

	2006 $	2005 $
	(in thousands of dollars)	
Bio-medical engineering	413	340
Building maintenance, operations and security	12,272	12,730
Communications	1,203	1,132
Education	1,605	1,576
Health registry	5,212	4,684
Housekeeping	5,287	5,323
Laundry and linen	1,908	1,811
Materials management and transportation	3,273	2,859
Patient food services	7,516	7,132
Volunteer services and other	296	263
Support services attributed to private sector operators (schedule 4)	1,000	1,099
	39,985	38,949

19 Related parties

Province of Alberta

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Transactions between the Authority and its related parties are disclosed in the Consolidated Statement of Operations, and in the notes and schedules to the Consolidated Financial Statements.

Unless otherwise disclosed, related party transactions are recorded at the amount of consideration agreed upon between the related parties. The Authority had transactions with related parties not otherwise disclosed in the financial statements as summarized in schedule 5.

Foundations

The Authority has an economic interest in the following Foundations that are not consolidated with the results of the Authority. These Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act:

Beaverlodge Hospital Foundation
Fairview Health Complex Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn & District Hospital Foundation
Hythe Nursing Home Foundation
Peace Health Foundation
Queen Elizabeth II Hospital Foundation
Valleyview Health Care Foundation

20 Trust funds

The Authority holds funds in the amount of $274,665 (2005 – $204,145) on behalf of its continuing care clients and the QEII Hospital Child Care Centre.

21 Pension costs

Local Authorities Pension Plan

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these consolidated financial statements is equivalent to the Authority's annual contribution payable of $7,426,491 for the year ended March 31, 2006 (2005 – $6,353,185).

At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficiency of $863,558,000 (2004 – $1,288,924,000).

Peace Country Health

Notes to Consolidated Financial Statements

March 31, 2006

Retiring Allowance Plan

The Authority established a retiring allowance plan for a select group of employees effective January 4, 2006. The plan is unfunded. At March 31, 2006, the unamortized accrued benefit obligation is $183,205. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as of March 31, 2006 are as follows:

	%
Discount rate	5.40
Increase in pensionable earnings	3.50
Increase in maximum pension permitted under the income tax act	3.50

22 Comparative figures

Certain 2005 figures have been reclassified and restated to conform to 2006 presentation.

23 Operating deficit

Per Alberta Regulation 15/95 of the Regional Health Authorities Act, Regional Health Authorities shall not incur an annual operating deficit. If a Regional Health Authority incurs an annual operating deficit, further action is required depending on the circumstances.

The Authority incurred an operating deficit of $2,220,868 for the year ended March 31, 2006. The Authority does not have sufficient accumulated surplus to offset the current year deficit and is therefore required to submit a plan to the Minister of Health and Wellness by July 31, 2006 on how the accumulated deficit will be eliminated within the next three years. The Authority will work with the Minister of Health and Wellness on developing a deficit elimination plan.

24 Subsequent event

Alberta Infrastructure and Transportation is in the process of transferring at nominal cost to the Authority, the Spirit River Public Health Centre and the Worsley Health Complex. The impact to the Authority's financial statements will be increases in both capital assets and unamortized external capital contributions of $633,376.

25 Approval of consolidated financial statements

These consolidated financial statements have been approved by the Authority's Board of Governors.

Peace Country Health

Schedule 1

Consolidated Schedule of Expenses by Object

For the year ended March 31, 2006

(in thousands of dollars)

	2006		2005
	Budget **$** **(Note 11)**	**Actual** **$**	**Actual** **$**
Salaries, honoraria, benefits, allowances and severance (schedule 2)	157,068	156,437	137.749
Contracts with health service operators (schedule 4)	5.015	5,521	5,375
Drugs and gases	4,060	4,359	3.934
Medical and surgical supplies	4,183	4,829	4,373
Other contracted services	13,168	15,030	14.178
Interest on long-term debt	-	163	6
Other*	33,909	34,277	32.622
Amortization			
Internally funded equipment	1,250	963	1,212
Externally funded equipment	3,150	3,113	3,074
Internally funded facilities and improvements	150	180	162
Externally funded facilities and improvements	6,850	6,729	6,784
Gain on disposal of capital assets			
Equipment	-	(30)	(150)
Facilities	-	(15)	-
	228,803	231,556	209,319
Less: Amounts reported in ancillary operations (note 15)	-	255	216
	228,803	231,301	209.103

	2006		2005
	Budget **$** **(Note 11)**	**Actual** **$**	**Actual** **$**
*Other: Significant amounts include			
Diagnostic and therapeutic supplies	2,908	3,186	3,045
Equipment expenses	5,765	7,029	5,968
Food supplies	1,832	2,061	1,919
Patient transport	-	2,793	2,934
Recruitment and relocation	661	1,086	1,210
Utilities	5.525	5,404	5,970
Other	17,218	12,718	11,576
	33,909	34,277	32,622

Peace Country Health

Schedule 2

Consolidated Schedule of Salaries, Honoraria, Benefits Allowances and Severance

For the year ended March 31, 2006

(in thousands of dollars)

	2006							2005			
					Severance[4]						
	Number of individuals[1] #	Salaries and honoraria[2] $	Benefits and allowances[3] $	Sub-total $	Number of individuals #	Amount $	Total $	Number of individuals[1] #	Salaries, honoraria and benefits[2][3] $	Severance[4] $	Total $
Authority/Board Compensation											
RHA Chairperson Marvin Moore	1.00	37	5	42	-	-	42	1.00	32	-	32
RHA Members											
Claudia Buck	1.00	14	4	18	-	-	18	1.00	13	-	13
Dennis Grant	1.00	14	1	15	-	-	15	1.00	9	-	9
Delphine Harbourne	1.00	17	2	19	-	-	19	1.00	14	-	14
Andre Harpe	1.00	16	5	21	-	-	21	1.00	16	-	16
Milton Hommy	1.00	12	3	15	-	-	15	1.00	13	-	13
Wayne Jacques	1.00	7	3	10	-	-	10	1.00	13	-	13
Rose Kasinec	1.00	17	3	20	-	-	20	1.00	14	-	14
Betty Kruse	1.00	14	1	15	-	-	15	1.00	18	-	18
Lawrence Meardi	1.00	11	4	15	-	-	15	1.00	13	-	13
Jean Rycroft	1.00	14	5	19	-	-	19	1.00	14	-	14
Marie Saville	1.00	13	2	15	-	-	15	1.00	14	-	14
Brenda Strom	1.00	3	4	7	-	-	7	1.00	3	-	3
Total Honoraria	13.00	189	42	231	-	-	231	13.00	186	-	186
Staff compensation											
Chief Executive Officer[5]	1.00	269	41	310	-	-	310	1.00	302	-	302
Medical Officer of Health	1.00	282	27	309	-	-	309	1.00	296	-	296
Management persons reporting to CEO											
Chief Operating Officer, QEII Hospital	1.00	159	23	182	-	-	182	1.00	181	-	181
Chief Operating Officer, Regional Sites	1.00	131	28	159	-	-	159	1.00	149	102	251
Vice President, Regional Health Services	1.00	153	23	176	-	-	176	1.00	167	-	167
Vice President, Human Resources	1.00	147	28	175	-	-	175	1.00	176	-	176
Chief Financial & Information Officer	1.00	153	36	189	-	-	189	1.00	169	-	169
Vice President, Medical Affair	0.80	294	28	322	-	-	322	0.80	321	-	321
Corporate Business Officer	1.00	108	25	133	-	-	133	-	-	-	-
Other management persons reporting to those above	36.94	3,421	704	4,125	1	70	4,195	40.25	4,455	221	4,676
Other management	68.04	5,305	1,232	6,537	-	-	6,537	42.95	4,962	38	5,000

Peace Country Health

Consolidated Schedule of Salaries, Honoraria, Benefits Allowances and Severance *...continued*

For the year ended March 31, 2006

(in thousands of dollars)

	2006							2005			
					Severance(4)						
	Number of individuals(1) #	Salaries and honoraria(2) $	Benefits and allowances(3) $	Sub-total $	Number of individuals #	Amount $	Total $	Number of individuals(1) #	Salaries, honoraria and benefits(2&3) $	Severance(4) $	Total $
Regulated nurses not included above - RN's	539.52	42,795	8,202	50,997	-	-	50,997	537.98	47,051	-	47,051
Regulated nurses not includes above – LPN's	201.20	9,089	1,727	10,816	-	-	10,816	185.36	9,453	-	9,453
Other health technical and professionals	463.07	28,997	5,000	33,997	-	-	33,997	313.49	24,338	-	24,338
Unregulated health service providers	304.88	10,468	1,860	12,328	-	-	12,328	324.61	13,025	-	13,025
Other staff	745.15	28,970	6,253	35,223	2	51	35,274	730.40	32,157	-	32,157
Retirement arrangement(6)	-	-	107	107	-	-	107	-	-	-	-
Total staff compensation	2,367.60	130,741	25,344	156,085	3	121	156,206	2,182.79	137,202	361	137,563
Total	2,380.60	130,930	25,386	156,316	3	121	156,437	2,195.79	137,388	361	137,749

Peace Country Health

Consolidated Schedule of Honoraria, Benefits, Allowances and Severance... *continued*

For the year ended March 31, 2006

(in thousands of dollars)

[1] Full-time equivalent (FTE) for all staff is 2,022.75 hours. The prior year is restated to reflect this same standard. The total discrete number of individuals employed is 3,547 (2005 – 3,586).

[2] Salaries include regular base pay, overtime, lump-sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

[3] Benefits and allowances includes the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment, long-term and short-term disability plans, Canada Pension Plan, employment insurance and workers compensation.

[4] Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits, and allowances.

[5] The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

[6] Retirement arrangement costs as detailed below represent the cost of future retirement benefits earned in the given fiscal year and are not actual cash payments. Future retirement benefits to participants are based on years of service and earnings at retirement. The cost of these benefits is actuarially determined using the projected unit credit service pro-rated method and management's best estimates regarding economic and demographic assumptions, including a market discount rate. Net actuarial gains or losses of the retirement benefit obligation are amortized over the average remaining service life of the employee group.

Current service cost is the actuarial present value of the retirement benefit earned in the fiscal year. Other costs include amortization of initial obligation and interest accruing on the actuarial liability.

	2006			2005
	Current service cost $	Other costs $	Total $	Total $
President and Chief Executive Officer	31	21	52	-
Vice President, Medical Services	37	18	55	-
	68	39	107	-

Schedule 3

Peace Country Health

Consolidated Schedule of Deferred Contritbutions

For the year ended March 31, 2006

(in thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue					Transfers		
	Opening balance April 1, 2005 $	Alberta Health and Wellness $	Other government contributions $	Foundations $	Donors $	Investments and other $	Alberta Health and Wellness $ (Note 12)	Other government contributions $ (Note 13)	Foundations $	Donations $	Investments and other $ (Note 16)	Transfer to (from) deferred capital contributions $ (Note 7)	Refunds $	Closing balance – March 31, 2006 $
Alberta Health and Wellness														
Primary Health Services	381	-	-	-	-	-	253	-	-	-	-	-	-	128
Children's Health Initiative	9	92	-	-	-	-	90	-	-	-	-	-	-	11
Ground Ambulance Pilot Project	6,033	286	-	-	-	-	5,728	-	-	-	-	591	-	-
Continuing Care Systems Project	-	87	-	-	-	-	52	-	-	-	-	(86)	-	121
EMT Paramedic Training	90	-	-	-	-	-	-	-	-	-	-	-	-	90
Primary Care Initiative	100	-	-	-	-	-	100	-	-	-	-	-	-	-
Telehealth Operating Grant	110	-	-	-	-	-	-	-	-	-	-	-	-	110
Telehealth Project	74	-	-	-	-	-	-	-	-	-	-	-	-	74
Immunization administrative costs	-	332	-	-	-	-	231	-	-	-	-	-	-	101
Security of Systems	-	244	-	-	-	-	244	-	-	-	-	-	-	-
Rural On Call	-	1,518	-	-	-	-	1,516	-	-	-	-	-	2	-
Early Childhood Development	-	426	-	-	-	-	426	-	-	-	-	-	-	-
Specialists On-Call	-	3,091	-	-	-	-	2,408	-	-	-	-	-	683	-
Enhanced Surveillance of Immunization Coverage	-	250	-	-	-	-	3	-	-	-	-	-	-	247
MHIF-Shared/Collaborative Care	-	267	-	-	-	-	13	-	-	-	-	-	-	254
MHIF-Day Treatment Program	-	573	-	-	-	-	26	-	-	-	-	-	-	547
MHIF-Supportive Housing	-	410	-	-	-	-	-	-	-	-	-	-	-	410
MHIF-Crisis Response	-	190	-	-	-	-	25	-	-	-	-	-	-	165
INterRAI Tools for Resident Assessments	-	97	-	-	-	-	-	-	-	-	-	-	-	97
Telehealth Clinical Funding	-	598	-	-	-	-	-	-	-	-	-	-	-	598
Various Projects < $10,000	-	12	-	-	-	-	9	-	-	-	-	-	-	3
	6,797	8,473	-	-	-	-	11,124	-	-	-	-	505	685	2,956

Peace Country Health

Consolidated Schedule of Deferred Contributions...*continued*

For the year ended March 31, 2006

(in thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue					Transfers		
	Opening balance April 1, 2005 $	Alberta Health and Wellness $	Other government contributions $	Foundations $	Donors $	Investments and other $	Alberta Health and Wellness $ (Note 12)	Other government contributions $ (Note 13)	Foundations $	Donations $	Investments and other $ (Note 16)	Transfer to (from) deferred capital contributions $ (Note 7)	Refunds $	Closing balance March 31, 2006 $
Other Government contributions														
AADAC – Tobacco Reduction Strategy	12	-	25	-	-	-	-	37	-	-	-	-	-	-
AADAC – Tobacco Reduction Strategy	-	-	50	-	-	-	-	38	-	-	-	-	-	12
ACB – Alberta Cervical Screening Program	-	-	58	-	-	-	-	54	-	-	-	-	-	4
Primary Care Diabetes Project – via Aspen RHA	276	-	-	-	-	-	45	-	-	-	-	-	-	231
Chronic Disease Self Management – via DT RHA	-	4	-	-	-	-	4	-	-	-	-	-	-	-
Health Canada – PCI Interdisciplinary Initiative	-	-	50	-	-	-	-	-	-	-	-	-	-	50
Various Project <$10,000	1	-	-	-	-	-	-	1	-	-	-	-	-	-
	289	4	183	-	-	-	49	130	-	-	-	-	-	297
Foundations														
Fairview Health Complex – Fairview OR	-	-	-	49	-	-	-	-	49	-	-	-	-	-
QEII Foundation – Versys Instruments & Prosthesis	-	-	-	20	-	-	-	-	20	-	-	-	-	-
QEII Foundation – Morland Instruments	-	-	-	20	-	-	-	-	20	-	-	-	-	-
QEII Foundation – ENT Instruments	-	-	-	16	-	-	-	-	16	-	-	-	-	-
QEII Foundation – Harmonic Scalpels for Lap's	-	-	-	12	-	-	-	-	12	-	-	-	-	-
Peace River Hospital Foundation – Opithalmology	52	-	-	64	-	-	-	-	61	-	-	-	-	55
Various Projects <$10,000	-	-	-	108	-	-	-	-	108	-	-	-	-	-
	52	-	-	289	-	-	-	-	286	-	-	-	-	55

Peace Country Health

Consolidated Schedule of Deferred Contributions...*continued*

For the year ended March 31, 2006

(in thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue					Transfers		
	Opening balance - April 1, 2005 $	Alberta Health and Wellness $	Other government contributions $	Foundations $	Donors $	Investments and other $	Alberta Health and Wellness $ (Note 12)	Other government contributions $ (Note 13)	Foundations $	Donations $	Investments and other $ (Note 16)	Transfer to (from) deferred capital contributions $ (Note 7)	Refunds $	Closing balance - March 31, 2006 $
Donations														
Alberta Stroke Foundation	-	-	-	-	-	612	-	-	-	-	-	-	-	612
Aramark - Equipment Funds	-	-	-	-	-	-	-	-	-	-	-	(16)	-	16
AMA - Grande Cache Primary Care Initiative	38	-	-	-	-	-	-	-	-	-	9	-	-	29
AMA - Fairview Primary Care Initiative	-	-	-	-	-	50	-	-	-	-	13	-	-	37
AMA - Sexsmith Primary Care Initiative	-	-	-	-	-	50	-	-	-	-	-	-	-	50
AMA - West Peace Primary Care Initiative	-	-	-	-	-	50	-	-	-	-	-	-	-	50
VON - Adult Day Program	-	-	-	-	94	-	-	-	-	1	-	-	-	93
MD of Fairview - Fairview Clinic	-	-	34	-	-	-		18	-	-	-	-	-	16
High Prairie General	60	-	-	-	4	-	-	-	-	1	-	-	-	63
Peace River Health Center (Estate of A. Simpson)	59	-	-	-	-	-	-	-	-	27	-	-	-	32
QEII Nutrition	38	-	-	-	-	-	-	-	-	20	-	-	-	18
Manning Building Fund	34	-	-	-	6	-	-	-	-	1	-	-	-	39
Internal Diabetes	33	-	-	-	7	-	-	-	-	6	-	-	-	34
CP LTC Gazebo	32	-	-	-	-	-	-	-	-	-	-	-	-	32
Internal Medicine	23	-	-	-	11	-	-	-	-	2	-	-	-	32
Peace River Car Raffle	23	-	-	-	-	-	-	-	-	7	-	-	-	16
Central Peace Palliative Care	21	-	-	-	10	-	-	-	-	3	-	-	-	28
Abdul Rahman Bursary	17	-	-	-	4	-	-	-	-	-	-	-	-	21
Central Peace Special Purpose Fund	14	-	-	-	-	-	-	-	-	6	-	-	-	8
QEII General	12				-	-	-	-	-	12			-	-
Sutherland Resident Activity	10	-	-	-	-	-	-	-	-	2	-	-	-	8
Fairview Palliative Care Society	-	-	-	-	24	-	-	-	-	24	-	-	-	-
Various Projects < $10,000	98	-	-	-	115	-	-	-	-	87	-	-	-	126
	512	-	34	-	275	762	-	18	-	199	22	(16)	-	1,360
	7,650	8,477	217	289	275	762	11,173	148	286	199	22	489	685	4,668

All amounts above are current deferred contributions

Peace Country Health

Schedule 4

Consolidated Schedule of Voluntary and Private Health Service Providers

For the year ended March 31, 2006

(in thousands of dollars)

	Revenue			Expenses						
	Direct region funding $	Approved patient fees and charges $	Total revenues $	Facility based continuing care services $	Community based services $	Home care $	Diagnostic and therapeutic services $	Administration $ (Note 17)	Support services $ (Note 18)	Total expenditures $
Private Health Service Providers										
Access Physiotherapy	208	-	208	-	-	-	198	10	-	208
Columbia Rehabilitation Centre	174	-	174	-	-	-	165	9	-	174
Junction Point Physiotherapy	37	-	37	-	-	-	35	2	-	37
Kinesis Physiotherapy	37	-	37	-	-	-	35	2	-	37
Chantelle Management	1,944	901	2,845	1,536	-	-	142	427	740	2,845
Connecting Care	301	-	301	-	-	286	-	15	-	301
Hythe and District Pioneer Home	90	-	90	-	-	86	-	4	-	90
College and Community Health Centre	47	-	47	-	-	-	35	3	9	47
Dynacare Kasper Medical Laboratories	1,257	-	1,257	-	-	-	930	76	251	1,257
	4,095	901	4,996	1,536	-	372	1,540	548	1,000	4,996
Voluntary Health Service Providers										
Community mental health partners	525	-	525	-	499	-	-	26	-	525
Total 2005/06	4,620	901	5,521	1,536	499	372	1,540	574	1,000	5,521
Total 2004/05	4,452	923	5,375	1,574	539	125	1,528	510	1,099	5,375

Peace Country Health

Schedule 5

Consolidated Schedule of Related Party Transactions and Balances

For the year ended March 31, 2006

(in thousands of dollars)

Balances	**Accounts receivable**		**Cash**		**Accounts payable and accrued liabilities**		**Debt**	
	2006 **$**	**2005** **$**	**2006** **$**	**2005** **$**	**2006** **$**	**2005** **$**	**2006** **$**	**2005** **$**
Other Health Authorities	600	689	-	-	-	-	-	-
Other organizations	-	5	-	-	23	10	-	-
Alberta Treasury Branch	-	-	1,331	4,428	-	-	6,022	-
	600	694	1,331	4,428	23	10	6,022	-

Revenue and expenses	**Revenue**		**Expenses**	
	2006 **$**	**2005** **$**	**2006** **$**	**2005** **$**
School Boards	1,651	1,084	148	240
Other Health Authorities	215	186	131	38
Other organizations	78	112	134	136
	1,944	1,382	413	414

Peace Country Health

Schedule 6

Consolidated Schedule of Segmented Information

For the year ended March 31, 2006

(in thousands of dollars)

	Health operations $	Ambulance operations $	Eliminate intercompany transactions $	Consolidated operations $
Revenues				
Alberta Health and Wellness contributions	185,960	5,728	-	191,688
Other government contributions	1,409	-	-	1,409
Fees and charges	16,719	4,966	(2,722)	18,963
Ancillary operations – net	836	-	-	836
Donations	464	1	-	465
Investment and other income	5,348	529	-	5,877
Amortization of external capital contributions	9,582	260	-	9,842
	220,318	11,484	(2,722)	229,080
Expenses				
Facility-based inpatient acute nursing services	49,469	-	-	49,469
Facility-based emergency and outpatient services	17,575	-	-	17,575
Facility-based continuing care services	19,664	-	-	19,664
Ambulance services	2,790	11,414	(2,722)	11,482
Community based care	6,853	-	-	6,853
Home care	13,074	-	-	13,074
Diagnostic and therapeutic services	40,785	-	-	40,785
Promotion, prevention and protection services	10,295	-	-	10,295
Research and education	25	-	-	25
Administration	10,893	-	-	10,893
Information technology	4,307	-	-	4,307
Support services	39,985	-	-	39,985
Amortization of facilities and improvements	6,824	70	-	6,894
	222,539	11,484	(2,722)	231,301
Deficiency of revenues over expenses	(2,221)	-	-	(2,221)

Peace Country Health

Consolidated Schedule of Segmented Information ...*continued*

For the year ended March 31, 2006

(in thousands of dollars)

	Health operations $	Ambulance operations $	Eliminate intercompany transactions $	Consolidated operations $
Expenses by Object				
Salaries, honoraria, benefits, allowances and severance	148,014	8,423	-	156,437
Contracts with health service operators	5,521	-	-	5,521
Drugs and gases	4,351	8	-	4,359
Medical and surgical supplies	4,686	143	-	4,829
Other contracted services	14,641	389	-	15,030
Interest on long-term debt	14	149	-	163
Other	34,894	2,105	(2,722)	34,277
Amortization				
Internally funded equipment	956	7	-	963
Externally funded equipment	2,922	191	-	3,113
Internally funded facilities and improvements	180	-	-	180
Externally funded facilities and improvements	6,660	69	-	6,729
Gain on disposal of capital assets				
Equipment	(30)	-	-	(30)
Facilities	(15)	-	-	(15)
	222,794	11,484	(2,722)	231,556
Less: Amounts reported in ancillary operations	255	-	-	255
	222,539	11,484	(2,722)	231,301

Northern Lights
#9

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2006

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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NORTHERN LIGHTS HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded. The Authority has established a code of ethics and corporate directives, which include communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the whole. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Northern Lights Health Region board for approval. The external auditor has free access to the Committee of the whole.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Northern Lights Health Region and the
Minister of Health and Wellness

I have audited the statement of financial position of Northern Lights Health Region (the Region) as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 26, 2006

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2006
(in thousands)

	2006 Actual	2005 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	$ 4,628	$ 9,122
Accounts receivable (Note 4)	3,209	1,875
Contributions receivable from Alberta Health and Wellness	1,284	1,544
Inventories	733	565
Prepaid expenses	469	573
	10,323	13,679
Non-current cash and investments (Note 3)	1,163	1,643
Capital contributions receivable (Note 5)	5,329	1,788
Capital assets (Note 6)	81,399	81,498
TOTAL ASSETS	$ 98,214	$ 98,608
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 8,443	$ 6,109
Accrued vacation pay	2,860	2,624
Deferred contributions (Schedule 3)	3,223	2,299
Bank loan (Note 7)	240	360
	14,766	11,392
Deferred contributions (Schedule 3)	4	5
Deferred capital contributions (Note 8)	6,488	3,426
Unamortized external capital contributions (Note 9)	77,536	77,832
	98,794	92,655
Net assets		
Accumulated surplus(deficit) (Note 22)	(4,443)	2,287
Investment in capital assets from internally funded sources	3,863	3,666
Operating net assets	(580)	5,953
TOTAL LIABILITIES AND NET ASSETS	$ 98,214	$ 98,608

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
March 31, 2006
(in thousands)

	2006		2005
	Budget (Note 10)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 11)	$ 71,224	$ 72,023	$ 67,506
Other government contributions (Note 12)	1,027	1,198	2,323
Fees and charges (Note 13)	6,012	6,914	4,993
Ancillary operations, net (Note 14)	(64)	(90)	(42)
Donations	180	256	463
Investment and other income (Note 15)	1,450	1,541	1,124
Amortized external capital contributions (Note 9)	5,093	5,155	6,019
TOTAL REVENUE	84,922	86,997	82,386
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	23,991	23,609	19,270
Facility-based emergency and outpatient services	6,513	6,749	5,793
Facility-based continuing care services	4,227	4,634	3,831
Ambulance services	-	22	112
Community-based care	2,434	2,527	2,180
Home care	3,383	2,932	2,618
Diagnostic and therapeutic services	17,910	16,678	15,150
Promotion, prevention and protection services	6,875	6,153	5,507
Administration (Note 16)	5,868	6,556	5,067
Information technology (Note 17)	4,079	3,177	3,367
Support services (Note 18)	16,700	16,864	15,309
Amortization of facilities and improvements	3,481	3,626	4,000
Capital assets write down	-	-	583
TOTAL EXPENSES	95,461	93,527	82,787
Deficiency of revenue over expenses	$ (10,539)	$ (6,530)	$ (401)

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006
(in thousands)

	2006			2005
	Accumulated surplus(deficit) (Note 22)	Investment in capital assets from internally funded sources	Total	Total
Balance at beginning of year	$ 2,287	$ 3,666	$ 5,953	$ 6,354
Deficiency of revenue over expenses	(6,530)	-	(6,530)	(401)
Capital assets purchased with internal funds	(911)	908	(3)	-
Amortization of internally funded capital assets	711	(711)	-	-
Balance at end of year	$ (4,443)	$ 3,863	$ (580)	$ 5,953

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CASH FLOWS
March 31, 2006
(in thousands)

	2006 Budget	2006 Actual	2005 Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	$ (10,539)	$ (6,530)	$ (401)
Non-cash transactions:			
Amortization of capital equipment - internally funded	626	636	738
- externally funded	1,500	1,565	1,635
Amortization of facilities and improvements	3,674	3,720	4,161
Amortized external capital contributions (Note 9)	(5,093)	(5,210)	(6,138)
Loss on disposal of capital equipment	-	-	22
Write down of capital assets	-	-	583
Changes in non-cash working capital account	(469)	2,355	(3,640)
Cash used by operations	(10,301)	(3,464)	(3,040)
Investing activities:			
Purchase of capital assets:			
internally funded	(667)	(908)	(830)
externally funded - equipment (Note 8)	(2,090)	(2,744)	(6,112)
externally funded - facility and improvements (Note 8)	(1,457)	(2,170)	(1,429)
Allocations from non-current cash	377	480	2,558
Allocations to long term receivable	(755)	(3,540)	(881)
Cash used by investing activities	(4,592)	(8,882)	(6,694)
Financing activities:			
Capital contributions received	3,926	7,972	5,864
Repayment of bank loan	(120)	(120)	(120)
Cash generated from financing activities	3,806	7,852	5,744
Decrease in cash and investments	(11,087)	(4,494)	(3,990)
Cash and investments, beginning of year	9,122	9,122	13,112
Cash and investments (bank indebtedness), end of year	$ (1,965)	$ 4,628	$ 9,122

NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006
(in thousands)

Note 1 Authority, Purpose and Operations

Northern Lights Health Region (the "Authority") was established June 24, 1994 under the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority delivers appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs that promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Northern Lights Regional Health Centre
Northwest Health Centre
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
Ft. Vermilion Health Centre
Zama City Nursing Station
La Crete Continuing Care Centre

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Note 20 and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted contributions are recognized as revenue in the year receivable.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(a) Basis of Presentation (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, or externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority records the fair value of costs of services for which it is responsible. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

Note 2 **Significant Accounting Policies and Reporting Practices (continued)**

(b) Full cost (continued)

(iii) Fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) Fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

The Region provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the employee group.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all benefits and risks of capital asset ownership are reported as capital asset acquisitions financed by long-term obligations.

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from estimates.

Note 3 Cash and Investments

	2006	2005
Cash	$ 5,338	$ 8,452
Guaranteed investment certificates	453	454
Bonds	-	1,859
Total current & non-current cash and investments	$ 5,791	$ 10,765
Classified as:		
Current	$ 4,628	$ 9,122
Non-current	1,163	1,643
Total cash and investments	$ 5,791	$ 10,765

(i) Guaranteed investment certificates maturing on September 3rd, 2009 are guaranteed by the Canada Deposit Insurance Corporation and have an average effective yield of 4.13%.

Non-current cash and investments represent the following

	2006	2005
Externally restricted for capital acquisitions	$ 6,488	$ 3,426
Less: Capital contributions receivable	(5,329)	(1,788)
Externally restricted for Specialized Training	4	5
	$ 1,163	$ 1,643

Note 4 Accounts Receivable

Accounts receivable represents the following:

	2006	2005
Patients	$ 2,170	$ 1,647
Other	1,039	228
	$ 3,209	$ 1,875

Note 5 Capital Contributions Receivable

Capital contributions receivable represents the following:

	2006	2005
Alberta Health & Wellness	$ 2,000	$ -
Regional Shared Health Information Project - Picture Archival Communication System (PACS)	1,242	-
Northern Lights Regional Health Foundation	975	1,122
Regional Shared Health Information Project (RSHIP)	591	211
Alberta Infrastructure	521	455
	$ 5,329	$ 1,788

Note 6 Capital Assets

Cost

Capital Asset	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
Land	$ 900	$ -	$ -	$ -	$ 900
Site Improvements	4,922	-	69	-	4,991
Buildings	89,594	750	1,546	-	91,890
Building Service Equipment	20,961	-	-	-	20,961
Equipment	26,922	616	1,516	(133)	28,921
Construction in Progress	1,407	(1,366)	2,691	-	2,732
	$ 144,706	$ -	$ 5,822	$ (133)	$ 150,395

Accumulated Amortization

Opening Balance April 1, 2005	Current year amortization	Amortization on disposals	Closing Balance March 31, 2006
$ -	$ -	$ -	$ -
3,878	118		3,996
33,532	2,759		36,291
9,647	830		10,477
16,151	2,214	(133)	18,232
-			-
$ 63,208	$ 5,921	$ (133)	$ 68,996

Net Book Value 2006	Net Book Value 2005
$ 900	$ 900
995	1,044
55,599	56,062
10,484	11,314
10,689	10,771
2,732	1,407
$ 81,399	$ 81,498

Note 6 Capital Assets (continued)

Construction in progress is comprised of the following:

	2006	2005
Regional Shared Health Information Project (RSHIP)	$ 1,904	$ -
DI Trauma Room II	-	766
DI Equipment (PACS system)	-	600
Northwest Health Centre	294	-
NLHC Elevator Upgrade	182	-
NLHC X-Ray Replacement	121	-
Sprinkler Pump Booster	97	-
Boiler Replacement	31	31
Other	103	10
Total Construction in Progress	$ 2,732	$ 1,407

Capital assets were funded from the following sources:

	2006	2005
Externally funded	$ 77,536	$ 77,832
Internally funded	3,863	3,666
	$ 81,399	$ 81,498

Note 7 Bank Loan

The bank loan bears interest of prime minus .25% and is secured by a borrowing resolution of the Authority and is due on demand.

Future principal payments are as follows:

For the year ended March 31:	
2007	$ 120
2008	120
	$ 240

Note 8 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ -	$ 1,513
Restricted other government contributions	2,813	2,957
Restricted other contributions	-	27
Donations restricted for capital purposes	694	1,053
Regional Shared Health Information Project contributions	1,242	1,889
	4,749	7,439
Transferred (to) from:		
Unamortized external capital contributions (Note 9)	(4,914)	(7,541)
Deferred Contributions (Schedule 3)	3,575	35
Internally Funded	5	-
Other government contributions (Note 13)	(353)	(1,610)
	(1,687)	(9,116)
Change during the year	3,062	(1,677)
Balance, beginning of year	3,426	5,103
Balance, end of year	$ 6,488	$ 3,426

Balance at the end of the year is restricted for the following purposes:

	2006	2005
Equipment replacement	$ 65	$ 65
Improvement of capital assets	6,423	3,361
	$ 6,488	$ 3,426

Note 9 Unamortized External Capital Contributions

The balance of Unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	$ 77,832	$ 76,429
Transfers from (to) deferred capital contributions (Note 8)	4,914	7,541
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(1,565)	(1,635)
Amortized external capital contributions: Facilites & improvements	(3,590)	(3,794)
Amortized external capital contributions: Ancillary operations	(55)	(119)
Amortization on disposals	-	(590)
Balance, end of year	$ 77,536	$ 77,832

Note 10 Budget

	2005/06 Approved Budget (1)	Additional Funding (2)	2005/06 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 68,224	$ 3,000	$ 71,224
Other government contributions	1,027	-	1,027
Fees and charges	6,012	-	6,012
Ancillary operations, net	(64)	-	(64)
Donations	180	-	180
Investment and other income	1,450	-	1,450
Amortized external capital contributions	5,093	-	5,093
TOTAL REVENUE	81,922	3,000	84,922
Expenses			
Facility-based inpatient acute nursing services	23,991	-	23,991
Facility-based emergency and outpatient services	6,513	-	6,513
Facility-based continuing care services	4,227	-	4,227
Ambulance services	-	-	-
Community-based care	2,434	-	2,434
Home care	3,383	-	3,383
Diagnostic and therapeutic services	17,910	-	17,910
Promotion, prevention and protection services	6,875	-	6,875
Administration	5,868	-	5,868
Information technology	4,079	-	4,079
Support services	16,700	-	16,700
Amortization of facilities and improvements	3,481	-	3,481
Capital assets write down	-	-	-
TOTAL EXPENSES	95,461	-	95,461
Excess (deficiency) of revenue over expenses	$ (13,539)	$ 3,000	$ (10,539)

(1) The budget was approved by the Board of the Authority on May 24th, 2005, and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

Note 11 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions	$ 69,017	$ 64,726
Transfers from deferred contributions (Schedule 3)	3,006	2,780
	$ 72,023	$ 67,506

Note 12 Other Government Contributions

	2006	2005
Alberta Government		
Transfers from deferred capital contributions (Note 8)		
Unrestricted Alberta Infrastructure	$ 330	$ 1,610
Other	23	-
	353	1,610
Transfers from deferred contributions (Schedule 3)	785	651
Other	60	62
	$ 1,198	$ 2,323

Note 13 Fees and charges

	Inpatient/Resident		Outpatient		Total	
	2006	2005	2006	2005	2006	2005
Acute Care						
Out-of-province	$ 1,623	$ 1,151	$ 1,492	$ 877	$ 3,115	$ 2,028
Out-of-country base amount	67	60	44	33	111	93
WCB standard charges	576	286	1,466	1,169	2,042	1,455
Federal	11	24	47	23	58	47
Uninsured medical services	308	3	169	129	477	132
Uninsured supplies	-	-	-	19	-	19
Continuing care standard ward	-	62	-	-	-	62
	2,585	1,586	3,218	2,250	5,803	3,836
Continuing Care						
Continuing care semi-private	898	88	-	-	898	88
Continuing care private	164	928	-	-	164	928
	1,062	1,016	-	-	1,062	1,016
Home Care	-	-	-	73		73
Other	-	-	49	68	49	68
Total	$ 3,647	$ 2,602	$ 3,267	$ 2,391	$ 6,914	$ 4,993

Note 14 Ancillary Operations

	2006					2005
	Non-Patient Food Services	Rental Operations	Parking Operations	Other	Total	Total
Revenue						
Revenue	$ 425	$ 133	$ 294	$ 60	$ 912	$ 811
Amortized deferred capital contributions	-	37	18	-	55	119
	425	170	312	60	967	930
Expenses						
Other expenses	506	239	5	213	963	811
Amortization	-	64	18	12	94	161
	506	303	23	225	1,057	972
Excess (deficiency) of revenue over expenses	$ (81)	$ (133)	$ 289	$ (165)	$ (90)	$ (42)

Note 15 Investment and other income

	2006	2005
Investment income	$ 296	$ 297
Transfers from Deferred Contributions (Schedule 3)	278	-
Other income		
Immunization Recoveries	144	122
Other Recoveries	823	705
	$ 1,541	$ 1,124

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 16 Administration

	2006	2005
Administration	$ 963	$ 885
Medical Staff	1,214	1,313
Board	365	163
Finance	1,203	1,104
Human Resources	2,355	1,483
Occupational Health & Safety	430	-
Other	-	59
Amortization	26	60
	$ 6,556	$ 5,067

Note 17 Information Technology

	2006	2005
Information Technology	$ 1,743	$ 2,162
RSHIP	1,221	1,205
Telehealth	213	-
	$ 3,177	$ 3,367

Note 18 Support services

	2006	2005
Building maintenance, operations and security	$ 6,197	$ 5,529
Communications	487	508
Housekeeping	2,686	2,202
Laundry and linen	668	662
Materials management	1,705	1,395
Patient food services	2,200	1,842
Patient health records	1,733	1,788
Other	955	1,079
Amortization	233	304
	$ 16,864	$ 15,309

Note 19 Commitments and Contingencies

(a) Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases for the following payments:

Year	Amount
2007	$ 6,953
2008	320
2009	212
2010	138
2011	85

(b) Contingencies

The Authority has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Local Authorities Pension Plan (LAPP). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in LAPP. The claim specified an amount of $1.25 billion. The outcome of the claim is not determinable, and no liability is recorded at this time.

The Authority has a contingent liability in respect of a claim concerning increased long term care accommodation charges levied effective August 1, 2003. The claim has been filed against the Province of Alberta and the Regional Health Authorities. The total amount of the claim is in excess of $150 million based on the amount of the increase in accommodation charges levied. The outcome of the claim is not determinable, and no liability is recorded at this time.

Note 20 Related Parties

(a) Province of Alberta

The Minister of Health and Wellness appoints members of the Authority. The Authority is economically dependent on the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes to the financial statements.

(b) Health Authorities and other Government of Alberta

(i) The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(ii) The Authority has entered into a partnership agreement with the other six non-metro regional health authorities in Alberta to develop and implement a common, integrated information system:

David Thompson Health Region	Chinook Health Region
Peace Country Health	East Central Health
Aspen Health Region	Palliser Health Region

The partnership agreement functions under the name: Regional Shared Health Information Program (RSHIP), and is jointly controlled by the seven participating regions. RSHIP is currently intended to provide two services to the regions. The first service relates to the development and implementation of software through a provincial project management office. The second service represents the operations of a common data processing facility.

Funding of RSHIP activity has been provided partly through Alberta Health and Wellness grants, with the balance being funded by the regions directly. Each region is to take responsibility for the portion of total costs not funded by Alberta Health and Wellness. The amounts are determined annually based on costs expected to be incurred by the Provincial Project Management Office and the Shared Data Centre. The Provincial Project Management Office is expected to require funding from the Authority for the next two fiscal years. The Shared Data Centre will be an ongoing program funded by the Authority and its partners. Costs of RSHIP have been accounted for using the proportionate consolidation method.

Note 20 Related Parties (continued)

(iii) Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Northern Lights Health Region had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations.

Balances

	(in thousands)			
	Receivable from		Payable to	
	2006	2005	2006	2005
Ft. McMurray Public School Board	$ 178	$ 165	$	$
Alberta Cancer Board	53	11	-	-
Regional Municipality of Wood Buffalo	11	9	-	-
Alberta Mental Health Board	5	-	-	-
Peace Country Health Region	-	11	-	-
Keyano College	-	3	10	-
	$ 247	$ 199	$ 10	$ -

Revenue and Expenses

	(in thousands)			
	Revenue		Expenses	
	2006	2005	2006	2005
Ft. McMurray Public School Board	$ 507	$ 438	$ 507	$ 438
Alberta Cancer Board	105	158	105	158
Regional Municipality of Wood Buffalo	129	15	129	15
Northeast Child and Family Services	119	119	119	119
Alberta Mental Health Board	5	4	5	4
AADAC	30	30	30	30
Keyano College	-	-	15	-
	$ 895	$ 764	$ 910	$ 764

Note 20 Related Parties (continued)

(c) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the Board of Directors.

Northern Lights Regional Health Foundation

	2006	2005
Total assets	$ 4,151	$ 2,978
Total liabilities	2,855	1,866
Net assets	$ 1,296	$ 1,112
Revenue	$ 1,568	$ 1,791
Expenses	1,384	1,885
Excess of revenue over expenses	$ 184	$ (94)

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 856	$ 1,510	$ 1,964	$ 1,296

Resources of the Northern Lights Regional Health Foundation amounting to $1,964 have been restricted by donors for specified programs or equipment of the Northern Lights Health Region.

Note 20 Related Parties (continued)

(e) Northern Peace Foundation

The Authority has an economic interest in the Northern Peace Foundation which was established to support fundraising for the High Level and area health facilities. The foundation is currently being reactivated.

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
Northern Peace Foundation	$ -	$ -	$ -	$ 17

Administrative support provided to foundations and accounts receivable from the foundations at year-end as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		at March 31, 2006	
	2006	2005	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 155	$ 148	$ 975	$ -

(f) Voluntary and Private Health Service Operators

The Authority has an economic interest through its contracts with voluntary and private health service providers in the region. Details are presented in Schedule 4.

Note 21 Pension Costs

The Authority participates in the Local Authorities which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $2,656 for the year ended March 31, 2006 (2005 - $2,107).

At December 31, 2005, the Local Authorities Pension Plan reported an actuarial deficiency of $863,558 (2004 deficiency $1,288,924).

The Authority provides a supplemental defined contribution pension plan to employees under a collective agreement. The Authority matches employee contributions of up to 2% of regular earnings. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $153 for the year ended March 31, 2006, (2005 $117).

The Authority provides a non-contributory defined benefit Supplementary Executive Retirement Plan (SERP) to senior executives of the Region. SERP expense in these financial statements is equal to the Authority's annual contributions payable of $105 for the year ended March 31, 2006 (2005 - $213). There are no cash payments made to staff relating to this plan until their retirement. The plan's assets will be held in a trust pursuant to a Retirement Compensation Arrangement (as defined by the Income Tax Act). The plan will be fully funded. Actuarial valuations are completed annually. The obligation and pension expense can vary with changes in actuarial assumptions used to estimate the obligation. The actuarial valuation assumed a discount rate of 5.4% per annum. The Accrued benefit obligation of $292 exceeds the accrued benefit asset of $183 resulting in an under-funded status of the plan of $109.

	2006	2005
Pension plan expense comprises the following:		
Local Authorities Pension Plan	$ 2,626	$ 2,105
Supplemental defined benfit plan	105	213
	$ 2,731	$ 2,318

Note 22 Accumulated Deficit

Current year operations resulted in an accumulated deficit of $4,443 as at March 31, 2006. Per Alberta Regulation 15/95 of the *Regional Health Authorities Act*, the Region is required to provide the Minister of Health and Wellness a deficit elimination plan by July 31, 2006.

Submission of the deficit elimination plan will not be completed by the required date as it is dependant on the outcome of a number of regional studies that have been commissioned by the Board.

In 2005 Alberta Health and Wellness commissioned an efficiency review of the Northern Lights Health Region. This review commenced in late 2005 with the committee's findings reported to key Board and senior management members in the spring of 2006. The committee recommended that 12 studies be undertaken to quantify the needs of the region. Through discussion with the reviewers the studies have been prioritized as follows:

Community Health Needs Assessment
Review Organizational Structure
Documentation Accuracy & Reporting
St. Theresa General Hospital Role Review
Rainbow Lake Role Review
Regional Review of Supportive Housing for Seniors
Home Care Services Regional Review
Regional Review of Population Health Services
Regional Review of Environmental Services
External Review of MAC Governance
External Review of Emergency, Internal Medicine & Surgery
Functions & Accountability for Property Management

In communication with the Minister of Health and Wellness, the Board has directed management to proceed with the studies identified above with completion projected on or before March 2007. At that time the Board will work with Alberta Health and Wellness to develop a business plan that addresses the health needs of the region and the region's accumulated deficit.

Note 23 Comparative Figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2006
(in thousands)

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	$ 62,179	$ 59,491	$ 48,833
Contracts with health service providers (Schedule 4)	6,699	6,363	5,111
Drugs and gases	1,388	1,566	1,193
Medical and surgical supplies	2,021	2,295	1,808
Other contracted services	5,204	5,796	5,949
Other *	12,706	13,152	13,748
Amortization:			
Capital equipment - internally funded	626	636	738
Capital equipment - externally funded	1,500	1,565	1,635
Facilities and improvements	3,674	3,720	4,161
Capital assets write down - facilities and improvements	-	-	583
	95,997	94,584	83,759
Less amounts reported in ancillary operations (Note 14)	(536)	(1,057)	(972)
	$ 95,461	$ 93,527	$ 82,787

* Significant components of Other include the following:	Budget	2006	2005
Utilities	$ 2,004	$ 2,038	$ 1,901
Equipment and Software Maintenance	1,421	1,400	1,309
Recruitment, Relocation and Retention of Staff	459	1,218	910
Travel	1,335	1,023	753
Minor Equipment	762	843	2,724
Food Supplies	743	750	632
Other	5,982	5,880	5,519
	$ 12,706	$ 13,152	$ 13,748

Schedule 2

HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2006
(in thousands)

	2006								2005			
						Severance						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	SERP	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits (2)(3)	Severance	Total
RHA Chairperson - Fitzner, Jeff (2005-06)	1	$ 58			$ 58			$ 58	1	$ 9		$ 9
RHA Chairperson - Nickerson, Ken (2004-05)	1	9			9			9	1	19		19
Arnason, Ron	1	28			28			28	1	11		11
Boyer, Mary	1	12			12			12	1	9		9
MacDonald, Margaret	1	11			11			11	1	7		7
Chonkolay, Cary	1	14			14			14	1	10		10
Neufeld, William	1	17			17			17	1	10		10
Hawryliuk, Peter	1	23			23			23	1	9		9
MacDonald, Cathy	1	14			14			14	1	6		6
Kennedy, Sylvia	1	17			17			17	1	7		7
Slater, Diane	1	7			7			7	1	4		4
Sub-total	11	210	-	-	210	-	-	210	11	101	-	101
Staff												
Chief Executive Officer	1	267	22	78	367			367	1	422		422
Management person(s) reporting to the CEO:												
VP Corporate Services	1	145	22	12	179			179	1	187		187
VP Human Resources	-	-	-		-			-	1	23		23
VP Health Services	3	448	64	15	527			527	3	461		461
Executive Director, Foundation	1	77	8		85			85	1	95		95
Communications Advisor	1	63	13		76			76	1	73		73
Director, Primary Care Network	1	103	18		121			121	-	-		-
Other management person(s) reporting directly to those above. (avg. 2006 $119. avg. 2005 $122)	19	1,950	314		2,264			2,264	13	1,218	39	1,257
Regulated nurses not included above*												
RNs, Reg. Psych. nurses, Grad nurses (avg. 2006 $90, avg 2005 $85)	234	18,027	2,962		20,989			20,989	210	17,874		17,874
LPNs (avg. 2006 $56, avg. 2005 $50)	60	2,902	450		3,352			3,352	53	2,667		2,667
Other health technical and professionals (avg. 2006 $84, avg 2005 $82)	97	6,991	1,157		8,148			8,148	109	8,930		8,930
Unregulated health service providers (avg. 2006 $43, avg 2005 $38)	106	3,842	682		4,524			4,524	105	4,015		4,015
Other staff (avg. 2006 $56, avg 2005 $47)	331	15,355	3,294		18,649			18,649	273	12,728		12,728
Sub-total	855	50,170	9,006	105	59,281	-	-	59,281	771	48,693	39	48,732
Grand Total	866	$ 50,380	$ 9,006	$ 105	$ 59,491	-	-	$ 59,491	782	$ 48,794	$ 39	$ 48,833

Schedule 2 (continued)

HEALTH AUTHORITY
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2006

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1,172 (2005 - 1,089)

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

(6) Retirement Arrangements

Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments.

Retirement arrangements as detailed in Schedule 2 are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarial determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining life of the employee group.

NORTHERN LIGHTS HEALTH REGION - SCHEDULE OF DEFERRED CONTRIBUTIONS SCHEDULE 3

March 31, 2006

(in thousands)

Source of Contributor		Amounts received and receivable					Amounts recognized as revenue					Transfers				
	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Between Projects/Regions	To Other	To Deferred Capital Contributions	Returned Funds	Closing Balance March 31, 2006
Alberta Health and Wellness																
Specialist on Call	429	$ 1,433	$ -	$ -	$ -	$ -	$ 1,352	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 510
Rural On Call	4	273	-	-	-	-	272	-	-	-	-	-	-	-	-	5
Young Family Wellness	438	382	-	-	-	-	667	-	-	-	-	-	-	-	-	153
PCI Transition	62	-	-	-	-	-	17	-	-	-	-	-	-	-	-	45
Ground Ambulance	188	-	-	-	-	-	22	-	-	-	-	-	-	-	-	166
Security of Systems	174	175	-	-	-	-	-	-	-	-	-	-	-	103	-	246
Nunee Health	233	233	-	-	-	-	233	-	-	-	-	-	-	-	-	233
Children's Health	100	50	-	-	-	-	80	-	-	-	-	-	-	-	-	70
ICD 10	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15
Clinical Telehealth Rainbow Lake	58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58
Clinical Telehealth	-	228	-	-	-	-	-	-	-	-	-	-	-	-	-	228
ACT Program Telehealth	-	224	-	-	-	-	-	-	-	-	-	-	-	-	-	224
Mental Wellness / Addictions Training	-	175	-	-	-	-	-	-	-	-	-	-	-	-	-	175
Vaccine Administration	-	216	-	-	-	-	216	-	-	-	-	-	-	-	-	-
Safe Lifting	-	39	-	-	-	-	-	-	-	-	-	-	-	-	-	39
InterRAI Tools	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	16
Continuing Care System	-	-	-	-	-	-	-	-	-	-	-	-	-	(21)	-	21
Diagnostic/Medical Equipment	-	644	-	-	-	-	-	-	-	-	-	-	-	644	-	-
Telehealth Operating	-	40	-	-	-	-	40	-	-	-	-	-	-	-	-	-
Enhanced Surviellance of Immunization	-	250	-	-	-	-	-	-	-	-	-	-	-	250	-	-
Regional Shared Health Information	-	639	-	-	-	-	40	-	-	-	-	-	-	599	-	-
Purchase of MRI	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000	-	-
Telehome Care NW	79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79
Telehome Care	124	-	-	-	-	-	59	-	-	-	-	-	-	-	-	65
Various projects< $10,000	16	8	-	-	-	-	8	-	-	-	-	-	-	-	-	16
Sub-total	1,920	7,025	-	-	-	-	3,006	-	-	-	-	-	-	3,575	-	2,364
Other Government contributors																
Environmental Health Permits	37	-	-	-	-	82	-	-	-	-	73	-	-	-	-	46
PCI Change Management	76	-	-	-	-	134	-	-	-	-	205	-	-	-	-	5
Children's Mental Health	66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66
Student Health Initiative	-	-	507	-	-	-	-	507	-	-	-	-	-	-	-	-
YFW Awasak	-	-	130	-	-	-	-	119	-	-	-	-	-	-	-	11
Womens Wellness	10	-	31	-	-	-	-	30	-	-	-	-	-	-	-	11
Community Homelessness	35	-	100	-	-	-	-	129	-	-	-	-	-	-	-	6
RSHIP	118	-	-	-	-	-	-	-	-	-	-	-	84	-	-	34
Various projects< $10,000	11	-	15	-	-	-	-	-	-	7	-	-	-	-	-	19
Sub-total	353	-	783	-	-	216	-	785	-	7	278	-	84	-	-	198
External Donations																
Healthquest	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	20
Stroke Strategy	-	-	-	-	-	612	-	-	-	-	-	-	-	-	-	612
Deferred Donations	26	-	-	-	20	-	-	-	-	17	-	-	-	-	-	29
Various projects< $10,000	5	-	-	-	-	-	-	-	-	1	-	-	-	-	-	4
Sub-total	31	20	-	-	20	612	-	-	-	18	-	-	-	-	-	665
Grand Total 2005/2006	$ 2,304	$ 7,045	$ 783	$ -	$ 20	$ 828	$ 3,006	$ 785	$ -	$ 25	$ 278	$ -	$ 84	$ 3,575	$ -	$ 3,227

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2006

Schedule 3 (continued)

Unspent amounts at year end are as follows:	2006	2005
Current		
Restricted - Specialist -On-Call	$ 510	$ 429
Restricted - Security of Systems	246	174
Restricted - Telehealth	228	-
Restricted - MHIF - ACT Program	224	-
Restricted - Ground Ambulance	166	188
Restricted - Young Family Wellness	153	184
Restricted - MHIF - Mental Wellness / Addictions Training	175	-
Restricted - Telehome care	79	79
Restricted - Children's Health Initiative	70	100
Restricted - Telehome Care	65	124
Restricted - Rainbow Lake Clinical Telehealth	58	58
Restricted - PCI Transition	45	62
Restricted - CC - Safe Lifting Grant	39	-
Restricted - RSHIP CCSP	21	-
Restricted - ICD 10	15	15
Restricted - InterRAI Tools	16	-
Restricted - Orthopaedic Services	9	9
Restricted - HAPI	7	7
Restricted - Rural on Call	5	4
Restricted - Young Family Wellness	-	177
Restricted - YFW - Child & Family Nutrition	-	77
Restricted - Nurse Health	233	233
Regional Shared Health Information Program	34	118
HealthQuest III	20	-
Children's Mental Health	66	66
Alberta Stroke Strategy	612	-
Child & Family Social Services	11	-
Alberta Cancer Board - Women's Wellness	11	10
Environmental Health	46	37
Lifeline	-	-
Restricted Donation	29	26
Restricted - Community Homelessness	6	35
PCI Change Management	5	76
Other	19	11
	3,223	2,299
Non-Current		
Other	4	5
Total	$ 3,227	$ 2,304

Schedule 4

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS

March 31, 2006

(in thousands)

Facility name	Direct Region Funding	Alberta Health and Wellness Funding	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Ambulance services	Community-based care	Home care	Diagnostic and therapeutic services	Promotion prevention and protection services	Research and education	Administration	Information Technology	Support services	Total Expenditures
Private																
DKML	$ 5,950	$ -	$ 5,950	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,950	$ -	$ -	$ -	$ -	$ -	$ 5,950
Boates Holdings	64	-	64	-	-	-	-	-	-	64	-	-	-	-	-	64
Clearwater Physical Therapy	35	-	35	-	-	-	-	-	-	35	-	-	-	-	-	35
Tundra Physical Therapy	81	-	81	-	-	-	-	-	-	81	-	-	-	-	-	81
Nunee Health Region	-	233	233	-	-	-	-	233	-	-	-	-	-	-	-	233
Total 2005/2006	$ 6,130	$ 233	$ 6,363	$ -	$ -	$ -	$ -	$ 233	$ -	$ 6,130	$ -	$ -	$ -	$ -	$ -	$ 6,363
Total 2004/2005	$ 5,111	$ -	$ 5,111	$ -	$ -	$ -	$ -	$ 233	$ -	$ 4,878	$ -	$ -	$ -	$ -	$ -	$ 5,111

Alberta Mental
Health Board

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2006

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 – Schedule of Expenses by Object
Schedule 2 – Schedule of Salaries and Benefits
Schedule 3 – Schedule of Deferred Contributions
Schedule 4 – Schedule of Contract Service Operators

ALBERTA MENTAL HEALTH BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("the Board"). The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has also established a code of conduct that applies to all employees.

The Board carries out its responsibility for the financial statements through the Audit and Resources Committee. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the Board for approval. The Auditor General has full and free access to the Audit and Resources Committee.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

Ray Block	Steven Ritz, C.A.
President & Chief Executive Officer	*Director, Administrative Services*

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the Board) as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 11, 2006

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2006
(thousands of dollars)

	2006	2005
ASSETS		
Current:		
Cash (Note 3)	$ 7,717	$ 8,455
Accounts receivable	203	115
Contributions receivable from Alberta Health and Wellness	3,061	1,460
Prepaid expenses	779	498
	11,760	10,528
Non-current cash (Note 3)	5,968	125
Capital assets (Note 4)	215	183
TOTAL ASSETS	$ 17,943	$ 10,836
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 2,318	$ 725
Accrued vacation pay	260	221
Deferred contributions (Schedule 3)	2,201	833
	4,779	1,779
Deferred contributions (Schedule 3)	1,071	542
Unamortized external capital contributions (Note 5)	41	115
	5,891	2,436
Commitments and Contingencies (Note 6)		
Net assets:		
Unrestricted (Note 7)	4,763	6,169
Internally restricted (Note 7)	7,115	2,163
Accumulated surplus	11,878	8,332
Investment in capital assets from internally funded sources	174	68
	12,052	8,400
TOTAL LIABILITIES AND NET ASSETS	$ 17,943	$ 10,836

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
March 31, 2006
(thousands of dollars)

	2006		2005
	Budget (Note 8)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 9)	$ 43,491	$ 42,944	$ 35,523
Other government contributions (Note 10)	19	2	307
Donations	-	75	-
Investment and other income (Note 11)	314	721	479
Amortized external capital contributions (Note 5)	74	74	197
TOTAL REVENUES	43,898	43,816	36,506
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	12,963	13,180	12,411
Facility-based emergency and outpatient services	6,686	6,803	6,540
Community-based care	5,778	3,561	2,362
Diagnostic and therapeutic services	6,079	5,613	5,042
Promotion, prevention and protection services	2,299	2,067	1,289
Research and education	2,768	1,133	795
Administration (Note 12)	6,154	5,046	4,900
Information technology	734	595	1,013
Support services (Note 13)	2,350	2,166	1,008
TOTAL EXPENSES	45,811	40,164	35,360
Excess (deficiency) of revenues over expenses prior to the following items	(1,913)	3,652	1,146
Restructuring costs (Note 1)	-	-	94
Excess (deficiency) of revenues over expenses	$ (1,913)	$ 3,652	$ 1,052

ALBERTA MENTAL HEALTH BOARD

STATEMENT OF CHANGES IN NET ASSETS

MARCH 31, 2006

(thousands of dollars)

	2006			2005
	Accumulated Surplus (Note 7)	Investment in capital assets from internally funded sources	Total	Total
Balance at beginning of year	$ 8,332	$ 68	8,400	$ 7,348
Excess of revenues over expenses	3,652	-	3,652	1,052
Capital assets purchased with internal funds	(140)	140	-	-
Amortization on internally funded capital assets	34	(34)	-	-
Balance at end of year	$ 11,878	$ 174	$ 12,052	$ 8,400

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
MARCH 31, 2006
(thousands of dollars)

	2006	2005
Cash generated from (used by):		
Operating activities:		
Excess of revenues over expenses	$ 3,652	$ 1,052
Non-cash transactions:		
Amortization of capital equipment - internally funded	34	55
- externally funded	74	197
Amortized external capital contributions (Note 5)	(74)	(197)
Gain on disposal of capital equipment	(8)	-
Revenue recognized on write-down of externally funded capital equipment (Note 5)	-	(15)
Write-down of capital assets - externally funded	-	15
Change in deferred contributions	1,897	911
Change in non-cash working capital accounts	(338)	(1,660)
	5,237	358
Investing activities:		
Purchase of capital equipment - internally funded	(140)	(17)
Proceeds on sale of capital equipment	8	-
Allocations (to) from non-current cash	(5,843)	398
	(5,975)	381
Increase (decrease) in cash	(738)	739
Cash, beginning of year	8,455	7,716
Cash, end of year	$ 7,717	$ 8,455

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006

Note 1 Alberta Mental Health Board, Purpose and Operations

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). Prior to April 1, 2003, the Board was responsible for delivering appropriate, accessible and affordable mental health services in Alberta.

Effective April 1, 2003, the majority of mental health programs and services were transferred to regional health authorities ("RHAs") on a geographic basis. As a result, the majority of the Board's operating assets and liabilities were transferred to the RHAs effective April 1, 2003. In addition, restructuring activities and costs were incurred during fiscal 2003, 2004 and 2005 as a result of the transition.

Since April 1, 2003, the Board has continued its role of advancing mental health for Alberta. Following the transfer of mental health programs and services, the Board retained governance of province-wide services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. In addition to the ongoing province-wide services, the Board is involved in numerous initiatives, including advocacy, policy advice, working with the RHAs and stakeholders in the implementation of the Provincial Mental Health Plan, and collaborating with inter-provincial, national and international partners.

In fulfilling its mandate, the Board advances a significant portion of its budget to RHAs and other contract service operators. During fiscal 2006, such transactions represented 80% of total expenses (2005 - 79%). Details are presented in Schedule 4.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health & Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements are prepared using the deferral method, of which the key elements are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred, subject to the terms and conditions of the contribution.

(iv) Unrestricted investment income is recognized in the year earned.

(v) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The cost of services provided is recorded at fair value. Fair value transactions comprise the use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent. The fair value is recorded as other government contributions and as program expense.

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.

The Board fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Cash

Cash consists of cash on deposit.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities and accrued vacation pay approximates fair value because of the short-term maturity of these items.

The Board does not have any off-balance sheet financial instruments.

(f) Capital Assets

Capital assets consist of furniture, equipment and a vehicle (collectively "Equipment") and are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed on acquisition.

Equipment is amortized over its estimated useful life of 5 to 15 years on a straight-line basis.

(g) Restructuring Costs (see Note 1)

Expenditures are classified as restructuring costs if they directly relate to the transition of mental health programs and services to the RHAs. If actual costs are unkown, an estimate is recorded.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Actual results could differ from these estimates.

Note 3 Cash

	2006	2005
	(thousands of dollars)	
Total cash classified as:		
Current	$ 7,717	$ 8,455
Non-current	5,968	125
	$ 13,685	$ 8,580
Non-current cash represents the following:		
Internally restricted for capital purposes	$ 1,536	-
Internally restricted long-term initiatives	4,432	125
	$ 5,968	$ 125

Note 4 Capital Assets

Cost
(thousands of dollars)

Capital Asset	Opening Balance Apr-1-05	Additions	Disposals	Closing Balance Mar-31-06
Equipment	$ 880	$ 140	$ 408	$ 612

Accumulated Amortization
(thousands of dollars)

Opening Balance Apr-1-05	Current year amortization	Amortization on Disposals	Closing Balance Mar-31-06
$ 697	$ 108	$ 408	$ 397

Net Book Value 2006	Net Book Value 2005
$ 215	$ 183

Capital assets were funded from the following sources:

	2006	2005
	(thousands of dollars)	
Externally funded (*unamortized external capital contributions*)	$ 41	$ 115
Internally funded (*invested in capital assets*)	174	68
	$ 215	$ 183

Note 5 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of the year represents the external capital contributions to be recognized as revenue in future years.

	2006	2005
	(thousands of dollars)	
Balance, beginning of year	$ 115	$ 327
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	74	197
Write-down of externally funded capital assets	-	15
Balance, end of year	$ 41	$ 115

Note 6 Commitments and Contingencies

(a) Commitments

As part of normal operations, the Board has entered into contracts for forensic psychiatry services and mental health justice initiatives, promotion and prevention services and administrative services. The Board also has operating leases for office space.

	Contracts	Leases
	(thousands of dollars)	
For the year ended March 31		
2007	$37,086	$501
2008	-	670
2009	-	660
2010	-	559
2011 and thereafter	-	876

Where the term of a contract does not extend beyond March 31, 2007, the Board's management expects to renew the contract.

(b) Contingencies

The Board has a contingent liability in respect of a claim filed jointly and severally against the Province of Alberta and the employers participating in the Local Authorities Pension Plan ("LAPP") concerning the methodology used to calculate pension benefit payments. The claim specifies an amount of $1,250,000,000 or such other sum as may be allocated to the LAPP class members in proportion to their respective damages. The claim also specifies other adjustments, repayments, declarations and interest that cannot be estimated. The outcome of the claim is not determinable and no liability is recorded at this time.

Note 7 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2006	2005
	(thousands of dollars)	
Unrestricted net assets	$ 4,763	$ 6,169
Internally restricted net assets		
Research	4,071	1,170
Future capital expenditures	1,960	125
Provincial Mental Health Plan	708	532
Mental health services and programs	250	250
Patient Advocate	126	86
	7,115	2,163
	$ 11,878	$ 8,332

Note 8 Budget

	2005/2006 Approved Budget[1]	Adjustments[2]	2005/2006 Reported Budget
		(thousands of dollars)	
Revenues			
Alberta Health and Wellness contributions	$ 43,491	$ -	$ 43,491
Other government contributions	19	-	19
Investment and other income	314	-	314
Amortization of external capital contributions	74	-	74
TOTAL REVENUES	43,898	-	43,898
Expenses			
Facility-based inpatient acute nursing services	14,072	(1,109)	12,963
Facility-based emergency and outpatient services	4,307	2,379	6,686
Community-based care	5,658	120	5,778
Diagnostic and therapeutic services	7,815	(1,736)	6,079
Promotion, prevention and protection services	2,299	-	2,299
Research and education	2,768	-	2,768
Administration	6,592	(438)	6,154
Information technology	734	-	734
Support services	1,566	784	2,350
TOTAL EXPENSES	45,811	-	45,811
Deficiency of revenues over expenses	$ (1,913)	$ -	$ (1,913)

(1) The 2006 budget was approved by the board of the Alberta Mental Health Board on May 20th, 2005 and submitted to the Minister of Health and Wellness for approval.

(2) Adjustments relate to classification changes to ensure budgeted expenses conform with actual reporting classifications.

Note 9 Alberta Health and Wellness Contributions

	2006	2005
	(thousands of dollars)	
Unrestricted contributions	$ 42,448	$ 34,791
Transfers from deferred contributions (Schedule 3)	496	732
	$ 42,944	$ 35,523

Note 10 Other Government Contributions

	2006	2005
	(thousands of dollars)	
Alberta Government		
Transfers from deferred contributions (Schedule 3)	$ -	$ 122
Fair value to use non-owned facilities	-	185
	-	307
Other	2	-
	$ 2	$ 307

Note 11 Investment and other income

	2006	2005
	(thousands of dollars)	
Investment income	$ 335	$ 164
Other income	386	315
	$ 721	$ 479

Investment income comprises interest income. Other income primarily comprises conference registration fees and sponsorships, contract revenue to support the Telehealth Scheduling System and other cost recoveries. The contract revenue to support the Telehealth Scheduling System includes $71,000 from ministries of the Province (2005 - $100,000).

Note 12 Administration

	2006	2005
	(thousands of dollars)	
General administration	$ 3,720	$ 3,561
Administration - contract service operators (Schedule 4)(1)	1,084	1,002
Finance	205	287
Human resources	37	50
	$ 5,046	$ 4,900

General administration includes costs relating to the following types of activities that do not meet the criteria for inclusion in other expense categories:

- Promoting and supporting implementation of the made-in-Alberta approach outlined in the Provincial Mental Health Plan, *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery;
- Strengthening advocacy and consumer support;
- Advising on policy; and
- Collaborating with inter-provincial, national and international partners.

Note 13 Support services

	2006	2005
	(thousands of dollars)	
Support services - contract service operators (Schedule 4)(1)	$ 1,813	$ 691
Building maintenance and operations	353	317
	$ 2,166	$ 1,008

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(1) The cost of contracted services is allocated to the appropriate expense categories as if the Board directly performed the activities. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 14 Related Parties

(a) Province of Alberta

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Board is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry.

Transactions between the Board and ministries of the Province are disclosed in the Statement of Operations and in notes 9, 10 and 11 and Schedule 1 to the financial statements. As at March 31, 2006, $21,000 is receivable from the Ministry of Health and Wellness other than contributions receivable (2005 - $63,000). As at March 31, 2006, $179,000 is payable to the Ministry of Infrastructure and Transportation (2005 - $75,000).

The Board had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

	Receivable from:		Payable to:	
	2006	2005	2006	2005
	(thousands of dollars)			
Capital Health	$ -	$ -	$ 690	$ 165
Calgary Health Region(1)	10	-	189	78
Other Regional Health Authorities	32	-	34	-
AADAC	-		192	-
	$ 42	$ -	$ 1,105	$ 243

	Revenue		Expenses	
	2006	2005	2006	2005
	(thousands of dollars)			
Capital Health	$ 7	$ -	$ 21,465	$ 20,117
Calgary Health Region	35	-	8,800	7,063
Other Regional Health Authorities	34	-	166	730
AADAC	-	-	756	-
	$ 76	$ -	$ 31,187	$ 27,910

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(1) In addition to the receivable from Calgary Health Region, $595,000 is presented as a Prepaid expense in the Statement of Financial Position as the Board expects to apply the amount to expenses with Calgary Health Region in fiscal 2007.

Note 14 Related Parties (continued)

(h) Other Contract Service Operators

The Board has an economic interest through its contracts with other service operators for mental health justice initiatives and mental health promotion and prevention services in the Province. Details are presented in Schedule 4.

Note 15 Pension Costs

The Board participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $251,000 for the year ended March 31, 2006 (2005 - $186,000).

At December 31, 2005, the Local Authorities Pension Plan reported a deficiency of $863,558,000 (2004 - $1,288,924,000).

Note 16 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 17 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	Budget (Note 8)	2006	2005
Salaries and benefits (Schedule 2)	$ 5,057	$ 4,016	$ 3,489
Contracts with health service operators (Schedule 4)	36,217	32,135	28,021
Other contracted services	1,876	1,780	1,426
Other expenses [1]	2,557	2,125	2,266
Amortization of capital equipment:			
- internally funded	30	34	55
- externally funded	74	74	197
	45,811	40,164	35,454
Less amounts reported as restructuring costs (Note 1)		-	94
	$ 45,811	$ 40,164	$ 35,360

[1] Other expenses			
Mental health promotion materials	$ 100	$ 213	$ 55
Facility rent [2]	315	353	317
Travel	506	381	323
Administrative services referred out to Capital Health	418	440	414
Miscellaneous [3]	1,218	738	1,157
	$ 2,557	$ 2,125	$ 2,266

[2] The 2006 fiscal year includes office lease costs of $179,000 payable to Alberta Infrastructure and Transportation under the terms of lease agreements. In fiscal 2005, Alberta Infrastructure and Transportation provided office space to the Board at zero rent and the fair value of $185,000 was recorded in facility rent.

[3] The 2005 fiscal year includes $580,000 paid to Capital Health, Calgary Health Region and David Thompson Health Region for capital improvements to facilities and information systems agreed to at the time mental health services were transitioned to the RHAs.

Schedule 2

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

	2006				2005	
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Total	Number of Individuals [1]	Total Salaries, Honoraria, Benefits [2&3]
Board Compensation						
Board Chairperson						
Read, John G. (Dr.)	1	$ 9	$ -	$ 9	1	$ 15
Board Members						
Bunce, Neil	1	2	-	2	-	-
Desbarats, Susan	1	3	-	3	1	2
Fielding, Alan	1	3	-	3	-	-
LaForce-Fertig, Louise	1	5	-	5	1	3
Marrie, Thomas J. (Dr.)	1	2	-	2	1	2
Mikkelsen, David	1	4	-	4	1	5
Preston, Jerry	1	5	-	5	1	4
Steinhauer, Sharon	1	4	-	4	1	2
Taylor, Ruth	1	3	-	3	-	-
Total honoraria	10	40	-	40	7	33
Staff						
Mental Health Patient Advocate Office	3.00	241	45	286	2.48	225
President & Chief Executive Officer [4]	1.00	214	22	236	1.00	213
Management persons reporting to the CEO:				-		
Clinical/Medical Advisor	-	-	-	-	0.13	46
Vice President, Programs & Research	1.00	175	23	198	1.00	177
Vice President, Advocacy, Innovation & Monitoring	1.00	178	23	201	0.31	55
Executive Director, Planning, Advocacy & Liaison	-	-	-	-	0.22	29
Other management persons reporting directly to those above	8.50	884	163	1,047	8.97	989
Other management	3.12	266	49	315	2.78	233
Other staff	24.88	1,412	281	1,693	22.38	1,489
Total staff	42.50	3,370	606	3,976	39.27	3,456
Total	**52.50**	**$ 3,410**	**$ 606**	**$ 4,016**	**46.27**	**$ 3,489**

See accompanying information on the following page.

Schedule 2 (continued)

SCHEDULE OF SALARIES AND BENEFITS, FOR THE YEAR ENDED MARCH 31, 2006

1. Number of individuals for staff is determined at the rate of 2,023 annual hours for each full-time employee. Total actual discrete number of individuals employed for staff: 59 (2005 - 53)

2. Salaries include regular base pay, lump sum payments, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long and short-term disability plans, Canada Pension Plan, employment insurance, and workers compensation. Professional development and membership costs may also be paid on behalf of or reimbursed to employees but such amounts are not included under benefits and allowances.

4. The Chief Executive Officer is provided with an automobile; no dollar amount in respect of automobile costs is included under benefits and allowances.

Schedule 3

SCHEDULE OF DEFERRED CONTRIBUTIONS
March 31, 2006
(thousands of dollars)

Source of Contributor		Amounts received and receivable			Amounts recognized as revenue			
	Opening Balance April 1, 2005	Alberta Health and Wellness	Other government contributions	Donors	Alberta Health and Wellness	Other government contributions	Donors	Closing Balance March 31, 2006
Alberta Health and Wellness								
Mental Health Innovation Projects	-	1,360	-	-	19	-	-	1,341
Aboriginal Youth Suicide Program	909	640	-	-	354	-	-	1,195
Telemental Health Clinical	309	128	-	-	105	-	-	332
Information Security Compliance	157	172	-	-	-	-	-	329
Telemental Health Psychiatrists	-	18	-	-	18	-	-	-
Sub-total	1,375	2,318	-	-	496	-	-	3,197
Other Government contributors								
Mental Health Innovation Projects	-	-	75	-	-	-	-	75
External Donations								
Mental Health Research Showcase	-	-	-	75	-	-	75	-
Grand Total 2005/2006	$ 1,375	$ 2,318	$ 75	$ 75	$ 496	$ -	$ 75	$ 3,272

	2006	2005
	(thousands of dollars)	
Current		
Mental Health Innovation Projects	$ 1,115	$ -
Aboriginal Youth Suicide Program	556	506
Telemental Health Clinical	201	170
Information Security Compliance	329	157
	2,201	833
Non-Current		
Mental Health Innovation Projects	301	-
Aboriginal Youth Suicide Program	639	403
Telemental Health Clinical	131	139
	1,071	542
Total	$ 3,272	$ 1,375

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF CONTRACT SERVICE OPERATORS
FOR THE YEAR ENDED MARCH 31, 2006
(thousands of dollars)

Schedule 4

	Direct Board Funding	Facility-based inpatient acute nursing services	Facility-based emergency & outpatient services	Community - based care	Diagnostic & Therapeutic Services	Promotion prevention & protection services	Research and education	Administration	Information technology	Support services	Total Expenditures
A. Health Authorities											
Calgary Health Region - Forensic Psychiatry	$ 8,069	$ 2,402	$ 1,063	$ 408	$ 2,166	$ -	$ -	$ 309	$ -	$ 1,721	$ 8,069
Calgary Health Region - Other	731	-	-	483	80	29	-	52	-	87	731
Capital Health - Forensic Psychiatry	20,076	10,778	4,484	1,134	3,020	-	-	660	-	-	20,076
Capital Health - Other	949	-	-	343	77	16	97	15	397	4	949
Other Regional Health Authorities	166	-	-	87	19	55	-	4	-	1	166
B. Other Contract Service Operators											
AADAC	756	-	-	597	135	-	-	24	-	-	756
Canadian Mental Health Association	500	-	-	-	-	500	-	-	-	-	500
Homefront	382	-	-	302	68	-	-	12	-	-	382
Schizophrenia Society of Alberta	209	-	-	-	-	209	-	-	-	-	209
Other agencies & service providers	297	-	66	-	-	223	-	8	-	-	297
Total 2005/06	$ 32,135	$ 13,180	$ 5,613	$ 3,354	$ 5,565	$ 1,032	$ 97	$ 1,084	$ 397	$ 1,813	$ 32,135
Total 2004/05	$ 28,021	$ 12,120	$ 5,330	$ 2,266	$ 5,042	$ 833	$ 290	$ 1,002	$ 447	$ 691	$ 28,021

Alberta Cancer
Board

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2006

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

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Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries and Benefits

Schedule 3 – Schedule of Deferred Contributions

ALBERTA CANCER BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2006

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has established a code of ethics and corporate directives, which include communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Audit and Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has free access to the Audit and Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow them to report on the fairness of the financial statements prepared by management.

Dr. Jean-Michel Turc
Chief Executive Officer

Aslam Bhatti
Chief Financial Officer

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 19, 2006

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2006

(in thousands)

	2006 Actual	2005 Actual (as restated, Note 20)
ASSETS		
Current		
Cash and investments (Note 3)	$ 46,477	$ 20,427
Accounts receivable	8,549	7,993
Contributions receivable from Alberta Health and Wellness	1,393	4,075
Inventories	7,092	6,098
Prepaid expenses	1,648	861
	65,159	39,454
Non-current cash and investments (Note 3)	43,651	39,198
Capital assets (Note 4)	144,607	135,679
TOTAL ASSETS	$253,417	$214,331
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 39,500	$ 25,674
Accrued vacation pay	6,550	5,927
Deferred contributions (Schedule 3)	26,154	21,061
	72,204	52,662
Deferred capital contributions (Note 5)	10,381	12,928
Unamortized external capital contributions (Note 6)	116,649	118,884
	199,234	184,474
Net assets		
Accumulated surplus	13,105	2,150
Internal restricted funds (Note 7)	13,120	10,912
Investment in capital assets	27,958	16,795
Operating net assets	54,183	29,857
Commitments and Contingencies (Note 8)		
	54,183	29,857
TOTAL LIABILITIES AND NET ASSETS	$253,417	$214,331

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
March 31, 2006
(in thousands)

	2006 Budget (Note 9)	2006 Actual	2005 Actual (as restated, Note 20)
Revenue			
Alberta Health and Wellness contributions (Note 10)	$ 244,941	$ 242,937	$ 194,727
Other government contributions (Note 11)	2,876	2,758	3,536
Fees and charges (Note 12)	5,100	6,825	5,244
Ancillary operations, net (Note 13)	690	873	739
Donations	7,562	6,730	2,541
Research and education	10,746	12,692	9,817
Investment and other income (Note 14)	15,260	19,862	16,797
Amortized external capital contributions (Note 6)	13,451	13,054	13,069
TOTAL REVENUE	300,626	305,731	246,470
Expenses (Schedule 1)			
Facility-based inpatient acute nursing services	13,126	14,288	13,351
Facility-based emergency and outpatient services	84,864	78,311	66,275
Community-based care	37,755	27,818	25,759
Diagnostic and therapeutic services	68,253	70,337	57,100
Promotion, prevention and protection services	14,092	11,726	9,927
Research and education	28,891	26,822	23,624
Administration (Note 15)	9,115	10,188	8,123
Information technology	8,757	10,331	8,954
Support services (Note 16)	26,036	26,734	22,921
Amortization of facilities and improvements	4,737	4,769	4,724
TOTAL EXPENSES	295,626	281,324	240,758
Excess of revenue over expenses	$ 5,000	$ 24,407	$ 5,712

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006
(in thousands)

	2006 Accumulated surplus/ (deficit) (Note 7)	2006 Investment in capital assets from internally funded sources	2006 Total	2005 Total (as restated, Note 20)
Balance at beginning of year	$ 13,062	$ 16,795	$ 29,857	$ 24,180
Excess of revenue over expenses	24,407	-	24,407	5,712
Capital assets purchased with internal funds	(14,734)	14,734	-	-
Amortization of internally funded capital assets	3,571	(3,571)	-	-
Other Transfer to External Funding	(81)	-	(81)	(35)
Balance at end of year	$ 26,225	$ 27,958	$ 54,183	$ 29,857

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual (as restated, Note 20)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ 5,000	$ 24,407	$ 5,712
Non-cash transactions:			
Amortization of capital equipment - internally funded	4,000	3,571	3,094
- externally funded	8,528	8,297	8,534
Amortization of facilities and improvements	4,923	4,946	4,724
Amortized external capital contributions (Note 6)	(13,451)	(13,243)	(13,258)
Loss (gain) on disposal of capital equipment		140	20
Changes in non-cash working capital account	1,938	19,060	5,169
Cash generated from (used by) operations	10,938	47,178	13,995
Investing activities:			
Purchase of investments	(13,000)	(10,971)	(13,153)
Purchase of capital assets:			
internally funded	(10,621)	(14,734)	(4,871)
externally funded - equipment (Note 6)	(12,084)	(6,505)	(9,197)
externally funded - facility and improvements (Note 6)	(8,553)	(4,643)	(3,222)
Proceeds on sale of investments	11,500	8,862	11,722
Allocation to non-current cash	4,911	(2,344)	-
Cash used by investing activities	(27,847)	(30,335)	(18,721)
Financing activities:			
Capital contributions received	12,200	9,207	21,130
Change in non-current cash	-	-	(4,466)
Cash generated from financing activities	12,200	9,207	16,664
Increase (decrease) in cash and investments	(4,709)	26,050	11,938
Cash and investments, beginning of year	20,427	20,427	8,489
Cash and investments, end of year	$ 15,718	$ 46,477	$ 20,427

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2006
(in thousands)

Note 1 **Authority, Purpose and Operations**

The Alberta Cancer Board (the Board) was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

Cross Cancer Institute – Edmonton
Tom Baker Cancer Centre – Calgary
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centers – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
Breast screening sites – Edmonton and Calgary – plus three mobile vans
Edmonton Radio-pharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Centre – Calgary

The financial statements do not include the assets, liabilities and operations of the Alberta Cancer Foundation or the Cross Cancer Institute Volunteer Association except as disclosed in Note 17.

Note 2 **Significant Accounting Policies and Reporting Practices**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Alberta Health and Wellness' Financial Directive 26. Following are the significant accounting policies:

(a) Basis of presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported because a fair value cannot be reasonably determined.

(c) Employee future benefits

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs comprise the employer's contributions for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The Board provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Board. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate and management's best estimate of expected costs and the period of benefit coverage. Prior service costs of the benefit obligation are amortized over the average remaining service life of the group.

The Board fully accrues its obligations (if any) for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values because of the short-term maturity of these items. The fair value of cash and investments is disclosed in note 3.

(f) Inventories

Inventories are valued at the lower of cost *(moving cost average)* or net realizable value.

(g) Capital assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Building service equipment	20 years
Parkade	30 years
Equipment excluding Information Systems (IS)	5-20 years
IS equipment	5 years
IS software and licenses	5 years or term

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Construction projects in progress are not amortized until the project is complete.

Land and the artwork collection are not amortized.

(h) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

Cash and investments	2006 Cost	2006 Fair Value	2005 Cost	2005 Fair Value
Cash on deposit	$ 1,318	$ 1,318	$ (381)	$ (381)
CCITF - operations	45,159	45,159	20,808	20,808
CCITF – capital (non current)	8,870	8,870	6,525	6,525
	55,347	55,347	26,952	26,952
Money market securities	456	456	1,185	1,185
Fixed income securities:				
Canadian federal and provincial Government Bonds	9,799	10,033	8,704	8,946
Corporate bonds and debentures	8,885	8,681	7,950	7,920
Canadian equities	15,391	22,734	14,834	19,064
United States and Foreign equities	250	248	-	-
	34,781	42,152	32,673	37,115
Total current and non-current cash and investments	90,128	97,499	59,625	64,067
Classified as:				
Current	46,477	46,477	20,427	20,427
Non current	43,651	51,022	39,198	43,640
Total cash and investments	$ 90,128	$ 97,499	$ 59,625	$ 64,067

(i) The Consolidation Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2006 was 2.90% (March 31, 2005– 2.43%).

Note 3 Cash and investments (continued)

(ii) To optimize returns at an acceptable risk level, managemen[illegible] established a policy asset mix of 45% to 55% for fixed-income instruments and 45% to 55% for equities. Risk is also reduced through diversification.

(iii) Fixed-income securities have an average effective yield 5.3% (2005- 5.4%) per annum for securities maturing between 1 and 30 years. As at March 31, 2006 the securities have the following maturity structure:

	%
Under 1 year	46%
1 to 5 years	16%
5 to 10 years	27%
Over 10 years	11%
	100%

(iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following

	2006	2005
Externally restricted for capital acquisitions (Note 5)	$ 10,381	$ 12,928
Internally restricted for Board's reserves (Note 7)	13,120	10,912
Unrestricted non-current investments	20,150	15,358
	$ 43,651	$ 39,198

Note 4 Capital Assets

Cost

Capital Asset	Opening Balance April 1, 2005	Transfers from Work in Progress	Additions	Disposals	Closing Balance March 31, 2006
Land	$ 4,556	$ -	$ -	$ -	$ 4,556
Art	146	-	-	-	146
Buildings	86,548	934	2,092	-	89,574
Bulding service equipment	39,075	-	12	-	39,087
Parkade	5,507	-	-	-	5,507
Equipment excluding IS	103,541	1,646	7,968	(1,253)	111,902
IS equipment	18,318	-	4,648	(550)	22,416
Construction in progress	1,066	(934)	2,538	-	2,670
Deposits on equipment	4,184	(2,062)	7,260	-	9,382
IS software and licences	8,212	24	1,762	-	9,998
	$ 271,153	$ (392)	$ 26,280	$ (1,803)	$ 295,238

Note 4 Capital Assets (continued)

Capital Asset	Accumulated Amortization: Opening Balance April 1, 2005	Current year amortization	Amortization on disposals	Closing Balance March 31, 2006	Net Book Value: 2006	2005
Land	$ -	$ -	$ -	$ -	$ 4,556	$ 4,556
Art	-	-	-	-	146	146
Buildings	39,179	3,133	-	42,312	47,260	47,369
Bulding service equipment	24,454	1,648	-	26,102	12,985	14,621
Parkade	2,853	189	-	3,042	2,466	2,654
Equipment excluding IS	53,248	8,072	(1,107)	60,213	51,688	50,293
IS equipment	11,572	2,392	(549)	13,415	9,004	6,746
Construction in progress	-	-	-	-	2,671	1,066
Deposits on equipment	-	-	-	-	9,380	4,184
IS software and licences	4,168	1,379	-	5,547	4,451	4,044
	$ 135,474	$ 16,813	$ (1,656)	$ 150,631	$ 144,607	$ 135,679

(a) Land and buildings

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Capital assets were funded from the following sources:

	2006	2005
Externally funded (unamortized external capital contributions)	$ 116,649	$ 118,884
Internally funded (invested in capital assets)	27,958	16,795
	$ 144,607	$ 135,679

Note 5 Deferred Capital Contributions

	2006	2005
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 2,341	$ 8,803
Restricted other government contributions	6,930	7,746
Donations restricted for capital purposes	671	3,453
Other capital contributions	(42)	2,521
	9,900	22,523
Transferred to:		
Unamortized external capital contributions (Note 6)	(11,148)	(12,419)
Reduction in asset value	(606)	
Operating revenue, amounts used for minor capital contributions	(774)	(1,388)
Transfer to net assets	81	-
Change during the year	(2,547)	8,716
Balance, beginning of year	12,928	4,212
Balance, end of year	$ 10,381	$ 12,928

Balance at the end of the year is restricted for the following purposes:

	2006	2005
Equipment replacement	$ 2,638	$ 5,316
IT Equipment & Software	976	2,581
New construction	6,125	4,155
New Equipment - Centre for Biological Imaging and Adaptive Radiotherapy	642	876
	$ 10,381	$ 12,928

Note 6 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a)(ii). The balance of Unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2006	2005
Balance, beginning of year	$ 118,884	$ 119,693
Transfers from deferred capital contributions (Note 5)	11,148	12,419
Transfer from net assets	-	35
Less net book value of disposals	(140)	(5)
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(8,297)	(8,157)
Amortized external capital contributions: Fac. & improvements	(4,757)	(4,912)
Amortized external capital contributions: Ancillary operations	(189)	(189)
Balance, end of year	$ 116,649	$ 118,884

Note 7 Net assets

The Board's net assets comprise the following:

	2006	2005
Unrestricted net assets	$ 13,105	$ 2,150
Internally restricted net assets		
Future equipment replacement and IT upgrades	6,699	4,681
Research reserve	-	378
Edmonton Radio-Pharmaceutical Centre	2,921	2,353
Breast Centre, Prostate Centre and Clinical Reserves	3,500	3,500
	13,120	10,912
	$ 26,225	$ 13,062

Note 8 Commitments and Contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2007	$ 1,049
2008	807
2009	712
2010	634
2011	335
Thereafter	306
	$ 3,843

b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2006. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2006.

The Board also has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Public Service Pension Plan (PSPP). A $1.25 billion claim has been filed jointly and severally against the Province of Alberta and all the employers participating in PSPP. The outcome of the claim is not determinable.

Note 9 Budget

	2005/06 Approved Budget[1]	Additional Funding	Adjustments	2005/06 Reported Budget
Revenue				
Alberta Health and Wellness contributions	$ 244,941	$	$ -	$ 244,941
Other government contributions	2,876	-	-	2,876
Fees and charges	5,100	-	-	5,100
Ancillary operations, net	690	-	-	690
Donations	7,562	-	-	7,562
Research and education	10,746	-	-	10,746
Investment and other income	15,260	-	-	15,260
Amortized external capital contributions	13,451	-	-	13,451
TOTAL REVENUE	300,626	-	-	300,626
Expenses				
Facility-based inpatient acute nursing services	13,126	-	-	13,126
Facility-based emergency and outpatient services	84,864	-	-	84,864
Community-based care	37,755	-	-	37,755
Diagnostic and therapeutic services	68,253	-	-	68,253
Promotion, prevention and protection services	14,092	-	-	14,092
Research and education	28,891	-	-	28,891
Administration	9,115	-	-	9,115
Information technology	8,757	-	-	8,757
Support services	26,036	-	-	26,036
Amortization of facilities and improvements	4,737	-	-	4,737
TOTAL EXPENSES	295,626	-	-	295,626
Excess (deficiency) of revenue over expense	$ 5,000	$ -	$ -	$ 5,000

(1) The budget was approved by the Board on April 20, 2005, and submitted to the Minister of Health and Wellness for approval.

Note 10 Alberta Health and Wellness Contributions

	2006	2005
Unrestricted contributions	$ 239,476	$ 191,496
Transfers from deferred contributions (Schedule 3)	3,461	3,231
	$ 242,937	$ 194,727

Note 11 Other Government Contributions

	2006	2005
Transfers from deferred contributions (Schedule 3)		
Alberta Government	$ 218	$ 85
Federal Government	2,540	3,451
	$ 2,758	$ 3,536

Note 12 Fees and charges

	Inpatient/Resident		Outpatient	
	2005/06	2004/05	2005/06	2004/05
Acute Care				
Out-of-province	$ 957	$ 1,000	$ 3,164	$ 3,020
Out-of-country base amount		46	52	51
Out-of-country surcharge		14	30	36
WCB standard charges	98	33	338	252
Federal	14	37	228	101
Uninsured drugs	-	-	1,944	654
Total	$ 1,069	$ 1,130	$ 5,756	$ 4,114

Note 13 Ancillary Operations

	2006				2005
	Non-Patient Food Services	Parking Operations	Edmonton Radiopharmaceutical Centre	Total	Total
Revenue					
Revenue	$ 1,245	$ 908	$ 4,640	$ 6,793	$ 6,001
Amortized external capital contributions	-	189	-	189	189
	1,245	1,097	4,640	6,982	6,190
Expenses					
Other expenses	1,252	592	4,037	5,881	5,221
Amortization	4	189	35	228	230
	1,256	781	4,072	6,109	5,451
Excess of revenue over expense	$ (11)	$ 316	$ 568	$ 873	$ 739

Note 14 Investment and other income

	2006	2005 (as restated Note 20)
Investment income	$ 3,191	$ 1,654
Drug rebates and other recoveries	12,563	11,387
Calgary Health Region Contribution - Bone Marrow Transplant Program	4,108	3,756
	$ 19,862	$ 16,797

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 15 Administration

	2006	2005
General Administration	$ 7,793	$ 6,134
Human Resources	1,802	1,508
Finance	593	481
	$ 10,188	$ 8,123

Note 16 Support services

	2006	2005
Medical Physics	$ 9,058	$ 7,764
Building maintenance, operations and security	8,027	6,861
Patient health records	5,091	4,083
Housekeeping	1,712	1,607
Materials management	1,033	996
Education	647	554
Laundry and linen	498	456
Volunteer Services	495	458
Patient representative	173	142
	$ 26,734	$ 22,921

Note 17 Related Parties

(a) Province of Alberta

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Board is established under the Cancer Programs Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the Statement of Operations and in notes 5, 10 and 11 to the financial statements.

(b) Health Authorities

The Board had the following transactions with other related parties recorded in the Statement of Financial Position and Statement of Operations at the amounts agreed upon by the parties:

Balances

	(in thousands)			
	Receivable from:		Payable to:	
	2006	2005	2006	2005
Health Authorities	$ 1,031	$ 355	$ 3,893	$ 3,036
	$ 1,031	$ 355	$ 3,893	$ 3,036

Revenue and Expenses

	(in thousands)			
	Revenue:		Expenses:	
	2006	2005	2006	2005
Health Authorities	$ 6,037	$ 4,981	$ 17,620	$ 16,748
	$ 6,037	$ 4,981	$ 17,620	$ 16,748

Note 17 Related parties (continued)

Health Authorities

(c) Alberta Cancer Foundation

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

The Alberta Cancer Foundation is not consolidated in these statements. Audited financial statements of the Foundation are available upon request. A Financial summary of the Alberta Cancer Foundation as at March 31, 2006 and 2005 and for the years then ended is as follows:

	2006	2005
Total assets	$ 65,124	$ 48,840
Total liabilities	(10,583)	(5,966)
Net assets	$ 54,541	$ 42,874
Revenue	13,977	9,191
Expenses	11,911	7,265
Excess of revenue over expenses	$ 2,066	$ 1,926

Contributions received by the Board Year ended March 31,		Resources held by Foundation at March 31, 2006	
2006	2005	Externally Restricted	Unrestricted
$ 10,283	$ 6,068	$ 29,867	$ 24,674

(d) Cross Cancer Institute Volunteer Association

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion in accordance with the Board's objectives (see note 1).

Note 17 Related parties (continued)

Cross Cancer Institute Volunteer Association

	2006	2005
Total assets	$ 311	$ 287
Total liabilities	(37)	(32)
Net assets	$ 274	$ 255
Revenue	348	385
Expenses	328	307
Excess of revenue over expenses	$ 20	$ 78

Note 18 Trust Funds

The Board receives funds in trust for conferences, etc. These amounts are not reported in the statements. During the year the Board received $212 and disbursed $330. The balance held by the Board is $251.

Note 19 Pension Costs

(a) Public Service Pension Plan (PSPP)

The Board participates in the PSPP, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $5,164 for the year ended March 31, 2006 (2005 $4,416).

At December 31, 2005, the PSPP reported an estimated actuarial deficit of $187,704 (2004 $450,000).

(b) Supplemental Executive Retirement Plan (SERP)

On April 1, 2004 the Board started a non-contributing defined benefit SERP for senior executives. A summary of the financial information is as follows:

Note 19 Pension Costs (continued)

Supplemental Executive Retirement Plan (SERP)

		2006	2005
Net accrued benefit obligation, beginning of year		$ 1,392	$ 491
Current service cost		258	152
Interest cost		96	39
Prior service cost		-	594
Actuarial loss		155	116
Net accrued benefit obligation, end of year		1,901	1,392
Net accrued benefit obligation		(171)	-
Unrecognized actuarial loss		273	-
Unrecognized prior service costs		666	777
Reported liability		768	777
Current service cost		258	152
Interest cost		96	39
Prior service cost amortization		111	111
Actuarial loss amortization		14	24
Returns on assets		(26)	-
SERP expense		$ 453	$ 326
Assumptions at end of year			
Discount rate		5.4%	5.8%
Expected average remaining service life of employees		8 years	8 years
Salary scale increases		3%	2%

The above information is based on the annual actuarial valuation performed as of March 31, 2006.

		2006	2005
Plan assets (held by trustee)			
Employer contributions		860	-
Return on plan assets		10	-
Taxes paid		(2)	-
Market value over cost		3	-
Fair value of assets - March 31, 2006		871	-
Short term treasury bills	870		
Cash on hand	1		
Plan assets (held by Canada Revenue Agency)			
Employer contributions paid as refundable taxes		860	-
Taxes paid on plan income		2	-
Total refundable taxes		862	-
Total plan assets		1,733	-
Unfunded actuarial liability		$ 168	$ 1,392

Note 20 Restatement of prior years

Prior year comparative figures have been adjusted with retroactive effect to reflect drug rebates received annually after year end, that were not previously recorded as accounts receivable and revenue for the affected years.

	2005		2005
	As previously reported	Adjustment	As restated
Accounts receivable	$ 7,191	$ 802	$ 7,993
Total assets	213,529	802	214,331
Net assets, March 31, 2004	23,526	654	24,180
Excess of revenue over expense	5,564	148	5,712
Net assets, March 31, 2005	29,055	802	29,857

Note 21 Comparative figures

Certain 2005 figures have been reclassified and restated to conform to the 2006 presentation.

Note 22 Approval of financial statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2006
(in thousands)

	Budget	2006	2005
Salaries and Benefits (Schedule 2)	$ 118,542	$ 105,712	$ 90,195
Drugs and gases	75,074	69,514	55,572
Medical and surgical supplies	2,802	3,529	2,917
Other contracted services	33,068	35,287	31,296
Referred out Services	21,959	20,688	18,280
Supplies	13,479	14,318	13,264
Equipment and IT Maintenance	5,941	6,482	5,333
Other	11,120	15,089	13,000
Amortization:			
Capital equipment - internally funded	4,006	3,559	3,094
Capital equipment - externally funded	8,897	8,297	8,534
Facilities and improvements	4,756	4,958	4,724
	299,644	287,433	246,209
Less amounts reported in ancillary operations (Note 13)	4,018	6,109	5,451
	$ 295,626	$ 281,324	$ 240,758

Schedule 2

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2006
(in thousands)

	2006				Severance[4]			2005			
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria, Benefits (2)(3)	Severance[4]	Total
Board Chairperson											
Gary Campbell		$ 47	$ -	$ 47	-	$ -	$ 47		$ 39	$ -	$ 39
Board members											
Jean Agrios		4	-	4	-	-	4		3	-	3
Fred Dibben		-	-	-	-	-	-		4	-	4
Gordon Ganong		2	-	2	-	-	2		6	-	6
Jack Halpin		14	-	14	-	-	14		22	-	22
Allan Hargreaves		4	-	4	-	-	4		6	-	6
Patricia Jones		8	-	8	-	-	8		9	-	9
Richard Melchin		3	-	3	-	-	3		4	-	4
Irene Nicolson		7	-	7	-	-	7		8	-	8
Mary O'Neill		1	-	1	-	-	1		-	-	-
Brian Rogers		6	-	6	-	-	6		8	-	8
Cathy Roozen		0	-	0	-	-	0		-	-	-
Bronwyn Shoush		5	-	5	-	-	5		4	-	4
Sub-total	-	103	-	103	-	-	103	-	113	-	113
Staff											
Chief Executive Officer (5,6)	1	392	166	558	-	-	558	1	518	-	518
Management person(s) reporting to the CEO											
VP (Operations) (6)	1	258	45	303	-	-	303	1	257	-	257
VP (Research)	0.6	93	1	94	-	-	94	0.6	91	-	91
VP (Population Health Information) (7)	1	369	75	444	-	-	444	1	407	-	407
VP (Tom Baker Cancer Centre) (6)	1	375	70	445	-	-	445	0.75	304	-	304
Other management reporting directly to the VP's	27	2,436	360	2,796	-	-	2,796	22	2,416	-	2,416
Other management and out of scope	250	15,645	2,492	18,137	2	134	18,271	214	13,596	101	13,697
Medical doctors not included above	23	5,233	448	5,681	-	-	5,681	19	4,669	-	4,669
Regulated nurses not included above*	-	-	-	-			-	-	-	-	-
- RNs, Reg. Psych. nurses, Grad nurses	250	18,506	2,852	21,358	-	-	21,358	236	19,117	-	19,117
Other health technical and professionals	456	31,006	4,777	35,782	1	28	35,810	410	30,593	-	30,593
Other staff	493	16,935	2,914	19,849	-	-	19,849	454	17,985	28	18,013
Sub-total	1,503	91,247	14,200	105,447	3	162	105,609	1,359	89,953	129	90,082
Grand Total	1,503	$ 91,350	$ 14,200	$ 105,550	3	$ 162	$ 105,712	1,359	$ 90,066	$ 129	$ 90,195

Schedule 2 (continued)

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES AND BENEFITS
March 31, 2006

(1) Full Time Equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1,965 (2005 2,032).

'Individuals' are those on salary or wage, including contract persons considered employees under Canada Customs and Revenue Agency (CCRA) guidelines and rulings.

(2) Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

(3) Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, Canada Pension Plan, employment insurance, workers compensation, professional memberships and tuition.

(4) Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

(5) The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

(6) Retirement arrangements

Under the terms of the Supplemental Executive Retirement Plan (SERP), established April 1, 2004, executive officers may receive supplemental retirement payments.

Retirement arrangement costs, which are included in executive benefits, are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

ALBERTA CANCER BOARD - SCHEDULE OF DEFERRED CONTRIBUTIONS (SCHEDULE 3)

March 31, 2006

(in thousands)

Source of Contributor	Opening Balance April 1, 2005	Amounts received and receivable: Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Amounts recognized as revenue: Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers: Between Projects/Regions	To UECC	To Deferred Capital Contributions	Returned Funds	Closing Balance March 31, 2006
Alberta Health and Wellness																
AFP Development & Financial Review	$ 129	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 129
Information Security Compliance	359	279	-	-	-	-	-	-	-	-	-	-	-	-	-	638
AH & W PIN Interface	-	200	-	-	-	-	34	-	-	-	-	-	-	-	-	166
Client/Provider Registry Cleanup	-	650	-	-	-	-	-	-	-	-	-	-	-	-	-	650
Telehealth Funding	162	200	-	-	-	-	238	-	-	-	-	-	-	-	-	124
Virtual Learning Clinic	250	-	-	-	-	-	163	-	-	-	-	-	-	-	-	87
Telehealth Clinical Funding	-	63	-	-	-	-	-	-	-	-	-	-	-	-	-	63
Provincial Breast Screening	2,205	-	-	-	-	-	1,178	-	-	-	-	-	-	-	-	1,027
Cervical Screening	806	1,563	-	-	-	-	1,810	-	-	-	-	-	-	-	-	559
Colorectal Cancer Screening	100	(15)	-	-	-	-	38	-	-	-	-	-	-	-	-	47
Sub-total	4,011	2,940	-	-	-	-	3,461	-	-	-	-	-	-	-	-	3,490
Other Government contributors																
AADAC Youth Tobacco	140	-	38	-	-	-	-	171	-	-	-	-	-	-	-	7
AADAC Youth Cessation	-	-	41	-	-	-	-	25	-	-	-	-	-	-	-	16
Alberta Infrastructure	-	-	951	-	-	-	-	-	-	-	-	-	-	-	-	951
Federal Pallium Project	-	-	1,242	-	-	-	-	1,242	-	-	-	-	-	-	-	-
Ask & Advise Health Canada	-	-	8	-	-	-	-	-	-	-	-	-	-	-	1	7
Sub-total	140	-	2,280	-	-	-	-	1,438	-	-	-	-	-	-	1	981
Foundations																
Alberta Cancer Foundation	5,128	-	-	9,710	-	586	-	-	6,730	-	-	-	-	-	-	8,694
Sub-total	5,128	-	-	9,710	-	586	-	-	6,730	-	-	-	-	-	-	8,694
External Donations																
Research Grants &Funding Agencies	3,784	-	-	11	-	5,374	-	1,207	-	-	3,692	-	-	-	-	4,470
Health Boards of Alberta	210	-	-	-	-	103	-	-	-	-	45	-	-	-	-	269
Clinical Trials Pharmaceuticals	5,608	-	-	-	-	9,121	-	-	-	-	9,280	-	-	-	24	5,425
Various projects	2,180	-	-	-	-	1,281	-	113	-	-	523	-	-	-	-	2,825
Sub-total	11,782	-	-	11	-	15,879	-	1,320	-	-	13,540	-	-	-	24	12,989
Grand Total 2005/2006	$ 21,061	$ 2,940	$ 2,280	$ 9,721	$ -	$ 16,465	$ 3,461	$ 2,758	$ 6,730	$ -	$ 13,540	$ -	$ -	$ -	$ 25	$ 26,154

	2006	2005
Current (list)	$ 26,154	$ 21,061
Non-current (list)	-	-
Total	$ 26,154	$ 21,061

Note: **List all grants where the sum of the opening balance and the amount received in the current year is greater than ten thousand dollars.**

Alphabetical List of Entities' Financial Statements in Ministry 2005/06 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Access to the Future Fund[1]	Advanced Education
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[2]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	

[1] Established July 10, 2005.

[2] Incorporated December 16, 2005.

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Advanced Education	Advanced Education
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Advanced Education	Advanced Education
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Executive Council[1]	Executive Council
Ministry of Finance	Finance
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services

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[1] Ministry includes only the departments so separate departmental financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure and Transportation[1]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[1]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Community Development

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[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	**Ministry Annual Report**
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

SCHOOLS, UNIVERSITIES, COLLEGES AND HOSPITALS INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY ON A MODIFIED EQUITY BASIS[4]

School Boards and Schools	**Ministry Annual Report**
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Foundations for the Future Charter Academy Charter School Society	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education

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[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School Boards and Schools	Ministry Annual Report
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education

School Boards and Schools	Ministry Annual Report
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education

Universities	Ministry Annual Report
Athabasca University	Advanced Education
The University of Alberta	Advanced Education
The University of Calgary	Advanced Education
The University of Lethbridge	Advanced Education

Colleges	Ministry Annual Report
Alberta College of Art and Design	Advanced Education
Bow Valley College	Advanced Education
Grande Prairie Regional College	Advanced Education
Grant MacEwan College	Advanced Education
Keyano College	Advanced Education
Lakeland College	Advanced Education
Lethbridge Community College	Advanced Education
Medicine Hat College	Advanced Education
Mount Royal College	Advanced Education
NorQuest College	Advanced Education
Northern Lakes College	Advanced Education
Olds College	Advanced Education
Portage College	Advanced Education
Red Deer College	Advanced Education

Technical Institutes and The Banff Centre	Ministry Annual Report
Northern Alberta Institute of Technology	Advanced Education
Southern Alberta Institute of Technology	Advanced Education
The Banff Centre for Continuing Education	Advanced Education

Regional Health Authorities and Other Health Institutions	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness

Regional Health Authorities and Other Health Institutions	**Ministry Annual Report**
Northern Lights Health Region	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness

Ministry Contacts

For further information regarding the contents of this annual report please contact:

Position	Name	Phone Number
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Health Workforce Assistant Deputy Minister	Richard Butler	(780) 427-1310 Fax: (780) 415-8455
Information Strategic Services Assistant Deputy Minister	Linda Miller	(780) 415-1501 Fax: (780) 422-5176
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Public Health Assistant Deputy Minister	Wayne McKendrick	(780) 415-8913 Fax: (780) 422-3671
Strategic Directions Assistant Deputy Minister	Annette Trimbee	(780) 427-7038 Fax: (780) 415-0570
Communications Executive Director	Mark Kastner	(780) 427-7164 Fax: (780) 427-1171
Human Resources Executive Director	Rick Brick	(780) 427-1060 Fax: (780) 422-1700
Alberta Alcohol and Drug Abuse Commission Chief Executive Officer	Murray Finnerty	(780) 415-0370 Fax: (780) 423-1419